B S R & Co. LLP
Chartered Accountants

Godrej Waterside, Unit No. 603
6th Floor, Tower 1, Plot No 5, Block - DP
Sector V, Salt Lake, Kolkata - 700091

Telephone: +91 33 4035 4200
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Independent Auditor's Report on the Standalone Annual Financial Results of Saregama India Limited pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE BOARD OF DIRECTORS OF **SAREGAMA INDIA LIMITED**

We have audited the standalone annual financial results of Saregama India Limited (the "Company") for the year ended 31 March 2019, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). Attention is drawn to the fact that figures for last the quarter ended 31 March 2019 and the corresponding quarter ended in the previous year as reported in these standalone annual financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the relevant financial year. Also the figures up to the end of the third quarter had only been reviewed and not subjected to audit.

These standalone annual financial results have been prepared on the basis of the annual financial statements and reviewed quarterly financial results which are the responsibility of the Company's Management. Our responsibility is to express an opinion on these standalone annual financial results based on our audit of the annual financial statements which have been prepared in accordance with the recognition and measurement principles laid down in the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the standalone annual financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by Management. We believe that our audit provides a reasonable basis for our opinion.

B S R & Co. LLP Kolkata

In our opinion and to the best of our information and according to the explanations given to us these financial results:

(i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

(ii) give a true and fair view of the net profit and other comprehensive income and other financial information for the year ended 31 March 2019.

B S R & Co. LLP Kolkata

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Jayanta Mukhopadhyay
Partner
Membership No. 055757

Place: Kolkata
Date: 08 May 2019

B S R & Co. LLP
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Independent Auditor's Report on the Consolidated Annual Financial Results of Saregama India Limited pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE BOARD OF DIRECTORS OF **SAREGAMA INDIA LIMITED**

We have audited the consolidated annual financial results of Saregama India Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2019, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

These consolidated annual financial results have been prepared from consolidated annual financial statements, which are the responsibility of the Holding Company's Management. Our responsibility is to express an opinion on these consolidated annual financial results based on our audit of such consolidated annual financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated annual financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by Management. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of five subsidiaries included in the consolidated annual financial results, whose annual financial statements reflect total assets of Rs. 4,820.88 Lakhs as at 31 March 2019 as well as the total revenue of Rs. 3,435.77 Lakhs for the year ended 31 March 2019. These annual financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated annual financial results, to the extent they have been derived from such annual financial statements is based solely on the report of such other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's Management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's Management. Our opinion, in so far as it relates to the balances and affairs of such subsidiaries located outside India, is based on the report of other auditors and the conversion adjustments prepared by the Management of the Company and audited by us.

B S R & Co. LLP
Kolkata

Our opinion on the consolidated annual financial results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reports of other auditors on separate financial statements of the subsidiaries as aforesaid, these consolidated annual financial results:

(i) include the annual financial results of the following entities;

Parent:
Saregama India Limited

Subsidiaries:

a. Kolkata Metro Networks Limited
b. Open Media Network Private Limited
c. RPG Global Music Limited
d. Saregama Plc
e. Saregama FZE

(ii) have been presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

(iii) give a true and fair view of the net consolidated profit and other comprehensive income and other financial information for the year ended 31 March 2019.

B S R & Co. LLP
Kolkata

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Jayanta Mukhopadhyay
Partner
Membership No. 055757

Place: Kolkata
Date: 08 May 2019

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

(Rs in Lakhs)

Statement of Financial Results for the Quarter and Year Ended 31 March 2019

SL. No.	Particulars	Standalone					Consolidated	
		3 Months ended 31 March 2019	3 Months ended 31 December 2018	3 Months ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
		Refer Note 4		Refer Note 4				
1	**Income**							
	(a) Revenue from operations	12,403	15,064	10,537	52,437	34,561	54,472	35,659
	(b) Other income	1,184	232	745	5,954	1,422	5,641	1,019
	Total Income	13,587	15,296	11,282	58,391	35,983	60,113	36,678
2	**Expenses**							
	(a) Contract manufacturing charges	3,547	6,225	3,803	21,481	10,517	22,161	10,836
	(b) Cost of production of films and television serials	1,384	962	1,160	4,883	5,223	4,883	5,223
	(c) Changes in Inventories of finished goods and work-in-progress [(increase) /decrease]	(1,261)	(1,316)	(1,022)	(4,520)	(3,736)	(4,703)	(3,912)
	(d) Employee benefits expense	1,159	1,295	921	4,406	4,863	5,651	6,007
	(e) Finance costs	188	146	101	655	337	656	337
	(f) Depreciation and amortisation expense	41	87	93	301	379	333	415
	(g) Advertisement and Sales Promotion	2,414	2,728	1,598	9,992	4,010	10,485	4,285
	(h) Royalty Expense	1,459	1,758	464	5,598	3,369	5,592	3,368
	(i) Provision for Doubtful Debts / Advances (net)	610	78	560	1,295	2,132	(416)	611
	(j) Other expenses	1,460	1,404	1,491	6,073	4,777	7,003	5,616
	Total Expenses	11,001	13,367	9,169	50,164	31,871	51,645	32,786
3	**Profit before exceptional items and tax (1-2)**	2,586	1,929	2,113	8,227	4,112	8,468	3,892
4	**Exceptional Items**	-	-	-	-	-	-	-
5	**Profit before tax (3-4)**	2,586	1,929	2,113	8,227	4,112	8,468	3,892
6	**Tax Expense**							
	(a) Current Tax	269	609	(248)	2,129	980	2,130	982
	(b) Deferred Tax (net)	707	92	216	905	81	905	80
	Total tax expense	976	701	(32)	3,034	1,061	3,035	1,062
7	**Profit for the period (5-6)**	1,610	1,228	2,145	5,193	3,051	5,433	2,830
8	**Other Comprehensive Income**							
	(a) Items that will be reclassified to profit or loss (net of taxes)	-	-	-	-	-	66	(36)
	(b) Items that will not be reclassified to profit or loss (net of taxes)	964	459	(905)	(166)	1,357	(202)	1,672
	Total Other Comprehensive Income	964	459	(905)	(166)	1,357	(136)	1,636
9	**Total comprehensive income for the period (7+8)**	2,574	1,687	1,240	5,027	4,408	5,297	4,466
10	**Profit for the period attributable to:**							
	(a) Owner of the Company						5,412	2,851
	(b) Non-controlling Interest						21	(21)
11	**Other Comprehensive Income for the period attributable to:**							
	(a) Owner of the Company						(150)	1,644
	(b) Non-controlling Interest						14	(8)
12	**Total Comprehensive Income for the period attributable to:**							
	(a) Owner of the Company						5,262	4,495
	(b) Non-controlling Interest						35	(29)
13	Paid-up Equity Share Capital (Face Value of Rs.10/- each)	1,741	1,741	1,741	1,741	1,741	1,741	1,741
14	Other equity				40,873	36,469	41,067	36,430
15	Earnings Per Share (EPS)-Face Value Rs 10/- each (not annualised)							
	(a) Basic (Rs.)	9.25	7.06	12.33	29.83	17.53	31.20	16.26
	(b) Diluted (Rs.)	9.24	7.05	12.31	29.80	17.51	31.18	16.24

SAREGAMA INDIA LTD.

B S R & Co. LLP
Kolkata

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CIN:L22213WB1946PLC014346

(Rs in Lakhs)

Segment wise Revenue, Results, Assets and Liabilities for the Quarter and Year Ended 31 March 2019

Sl No.	Particulars	Standalone					Consolidated	
		3 Months ended 31 March 2019	3 Months ended 31 December 2018	3 Months ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
		Refer Note 4		Refer Note 4				
1	**Segment Revenue**							
	(a) Music	11,211	13,854	9,163	47,672	29,268	48,969	29,683
	(b) Films/Television serials	1,192	1,210	1,374	4,765	5,293	4,765	5,293
	(c) Publication	-	-	-	-	-	738	683
	Total Segment Revenue	12,403	15,064	10,537	52,437	34,561	54,472	35,659
	Less: Inter Segment Revenue	-	-	-	-	-	-	-
	Total Revenue from Operations	12,403	15,064	10,537	52,437	34,561	54,472	35,659
2	**Segment Results**							
	(a) Music	3,494	3,239	3,026	12,218	9,057	12,278	8,869
	(b) Films/Television serials	44	27	(240)	(32)	(205)	(32)	(205)
	(c) Publication	-	-	-	-	-	(1,030)	(1,216)
	Total	3,538	3,266	2,786	12,186	8,852	11,216	7,448
	Less:							
	(a) Finance costs	188	146	101	655	337	656	337
	(b) Other unallocable expenditure (net of unallocable income)	764	1,191	572	3,304	4,403	2,092	3,219
	Total profit before tax	2,586	1,929	2,113	8,227	4,112	8,468	3,892
3	**Segment Assets**							
	(a) Music	44,865	41,068	32,887	44,865	32,887	45,015	32,580
	(b) Films/Television serials	5,340	4,707	3,375	5,340	3,375	5,340	3,375
	(c) Publication	-	-	-	-	-	517	559
	(d) Unallocated	18,974	17,529	20,158	18,974	20,158	20,008	21,325
	Total Segment Assets	69,179	63,304	56,420	69,179	56,420	70,880	57,839
4	**Segment Liabilities**							
	(a) Music	12,253	13,055	10,082	12,253	10,082	12,645	10,225
	(b) Films/Television serials	824	692	390	824	390	824	390
	(c) Publication	-	-	-	-	-	326	558
	(d) Unallocated	13,488	9,519	7,738	13,488	7,738	14,015	8,268
	Total Segment Liabilities	26,565	23,266	18,210	26,565	18,210	27,810	19,441

SAREGAMA INDIA LTD. ★

B S R & Co. LLP Kolkata

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CIN:L22213WB1946PLC014346

(Rs in Lakhs)

Statement of Assets and Liabilities

Sl. No.	Particulars	Standalone		Consolidated	
		As at 31 March 2019 (Audited)	As at 31 March 2018 (Audited)	As at 31 March 2019 (Audited)	As at 31 March 2018 (Audited)
	ASSETS				
1	**Non-current assets**				
	(a) Property, plant and equipment	20,559	18,812	20,571	18,839
	(b) Investment properties	236	242	236	242
	(c) Intangible assets	687	614	713	653
	(d) Investment in subsidiary and joint venture	1,574	1,554	-	-
	(e) Financial assets				
	(i) Investments	12,124	12,340	14,834	15,094
	(ii) Loans	460	344	492	400
	(iii) Other financial assets*	0	0	0	0
	(f) Other non-current assets	154	1,113	161	1,122
	Total non-current assets	35,794	35,019	37,007	36,350
2	**Current assets**				
	(a) Inventories	9,244	4,725	9,630	4,931
	(b) Financial assets				
	(i) Trade receivables	11,296	7,810	10,975	7,303
	(ii) Cash and cash equivalents	145	636	500	922
	(iii) Bank balances other than (ii) above	179	162	179	162
	(iv) Loans	126	54	16	15
	(v) Other financial assets	9	5	5	5
	(c) Current tax assets (net)	3,364	4,140	3,490	4,233
	(d) Other current assets	9,022	3,869	9,078	3,918
	Total current assets	33,385	21,401	33,873	21,489
	Total Assets	69,179	56,420	70,880	57,839
1	**EQUITY AND LIABILITIES**				
	EQUITY				
	(a) Equity share capital	1,741	1,741	1,741	1,741
	(b) Other equity	40,873	36,469	41,067	36,430
	Total Equity Attributable to owners of the Company	42,614	38,210	42,808	38,171
	Non Controlling Interests	-	-	262	227
	Total Equity	42,614	38,210	43,070	38,398
	Liabilities				
2	**Non-current liabilities**				
	(a) Employee benefit obligations	246	206	283	242
	(b) Deferred tax liabilities (net)	5,574	4,557	5,805	4,793
	Total non-current liabilities	5,820	4,763	6,088	5,035
3	**Current liabilities**				
	(a) Financial liabilities				
	(i) Borrowings	6,081	1,292	6,377	1,587
	(ii) Trade payables				
	a) Total outstanding dues of micro enterprises and small enterprises	2	1	2	1
	b) Total outstanding dues of creditors other than micro enterprises and small enterprises	5,253	3,863	5,643	4,040
	(iii) Other financial liabilities	4,113	3,472	4,213	3,594
	(b) Other current liabilities	1,660	1,161	1,832	1,491
	(c) Provisions	3,555	3,585	3,567	3,614
	(d) Employee benefit obligations	81	73	88	79
	Total current liabilities	20,745	13,447	21,722	14,406
	Total Equity and Liabilities	69,179	56,420	70,880	57,839

* Represents value less than Rs 0.50 Lakh.

SAREGAMA INDIA LTD.

B S R & Co. LLP Kolkata

NOTES:

1 The aforementioned results for the quarter and year ended 31 March 2019 have been reviewed and recommended by the Audit Committee in their meeting held on 08 May 2019 and approved by the Board of Directors of the Company at their meeting held on even date. These results have been subjected to audit by the Statutory Auditors of the Company who have issued an unmodified audit report on the standalone and consolidated annual financial results for the year ended 31 March 2019.

2 The application of IND AS-115 did not have any significant impact on recognition and measurement of revenue and related items in the financial results of the Company.

3 Out of the 53,38,628 equity shares of Rs. 10/- each issued for cash at a premium of Rs. 35/- (issue price - Rs. 45/-) pursuant to the Rights Issue in 2005, allotment of 5,290 equity shares (relating to cases under litigation / pending clearance from concerned authorities) were in abeyance till 31 March 2019.

4 The figures for the quarter ended 31 March 2019 and 31 March 2018 are the balancing figures between audited figures in respect of the full financial year and published year to date figures upto the end of third quarter of the relevant financial year. The published year to date figures upto the end of third quarter of the relevant financial year were subject to Limited Review.

5 The Board of Directors has recommended a dividend at the rate of Rs 3/- per equity share of Rs 10 each (i.e. 30% of face value of equity share) for the year ended 31 March 2019 subject to the approval of the Shareholders at the ensuing Annual General Meeting of the Company.

6 On 2 April 2018, there was a fire in the godown (of third party service provider) damaging stocks of the Company. As per the best estimate of the management, the Company had recognized insurance claim receivable as 'Other Income' and the corresponding loss of such stocks was charged off. The Company has subsequently realized Rs. 3,218 lakhs from the insurance company on 12 April 2019 against the said claim. The impact of the above has been given in the segments results under Music segment.

7 The Consolidated financial statements 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 statements 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 statements 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 entiy has not been consolidated by the Group.

8 Based on the guiding principles given in Ind AS 108 on "Operating Segments", the Group's business activity falls within three operating segments, namely:
(a) Music
(b) Films/Television serials
(c) Publication

9 The figures of the previous periods/year have been regrouped/ reclassified, wherever necessary, to conform to the classification for the quarter and year ended 31 March 2019.

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

Vikram Mehra
Managing Director
DIN: 03556680

Kolkata
08 May 2019

BSR & Co. LLP
Kolkata

SAREGAMA INDIA LTD.

ANANDRATHI

Saregama India

sa re ga ma
soul of India

Q4 FY19 Result Conference Call

9 May 2019, 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

Earnings release for the Quarter ended March 31, 2019 and FY 18-19

Consolidated Revenue crosses 600cr

53% YoY growth in Revenue from Operations

92 % YoY growth in PAT

Mumbai, May 8, 2019: Saregama, India's oldest music label and the youngest movie studio, announced its financial results for the 4th Quarter ended March 31, and Financial Year 2018-19. The company continues with success of Carvaan and sustained growth of Licensing business has posted a PAT growth of 92% YoY in this Year. Carvaan continued in demand and company registered 132% growth and registered sales of 903K units during the current year against 389K in last year. Company has registered sales of 214K units of Carvaan in Q4 of current year.

Financial Highlights:

Financial Summary -Consolidated

Particulars (INR Mn)	FY 18-19	FY 17-18	Y-o-Y	FY 16-17
Revenues from Operations				
• **Music**	**4897**	2968	65%	1442
• **TV & Films**	**476**	529	-10%	669
• **Publication**	**74**	68	8%	74
Revenues from operations : Total	**5447**	3566	53%	2185
PBT without SAR Provision	**850**	467	82%	185
PBT after SAR Provision	**847**	389	118%	159
PAT	**543**	283	92%	87

Financial Summary – Standalone Quarterly

Particulars (INR Mn)	Q4-FY19	Q3-FY19	Q-o-Q	Q4-FY18	Y-o-Y
Revenues from Operations					
• **Music**	**1121**	1385	-19%	916	22%
• **TV & Films**	**119**	121	-2%	137	-13%
Revenues from operations: Total	**1240**	1506	-18%	1053	18%
PBT without SAR Provision	**262**	215	22%	178	47%
PBT after SAR Provision	**259**	193	34%	211	23%
PAT	**161**	123	31%	214	-25%

1. Music Licensing Business registers 33% growth YoY in FY19
2. 903k units of Carvaan sold on FY19

RP-Sanjiv Goenka Group

SAREGAMA INDIA LIMITED

Q4 / FY19 EARNINGS PRESENTATION

Winner
Saregama Carvaan
The Perfect Gift
IAA
THE ECONOMIC TIMES
INNOVATION AWARDS
SAREGAMA INDIA
tongues on fire
FLAME AWARD
IFFK
10 nffk
national film festival
payyanur
effie awards
effie awards
effie awards
effie awards
effie awards
REIMAGINING FOR THE BETTER
CARVAAN BY SAREGAMA
MARQUEES
BRAND EQUITY
MARKETING
AWARDS | 2018
INNOVATION
CARVAAN
SAREGAMA

Snapshot

saregama
soul of India

India's oldest music label and youngest film production house

High Dividend Yield and a Zero Debt Company

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

Owning Intellectual Property (IP) rights for more than 120,000 songs, 5,700+ hours of television serials and 20 movies

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

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

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

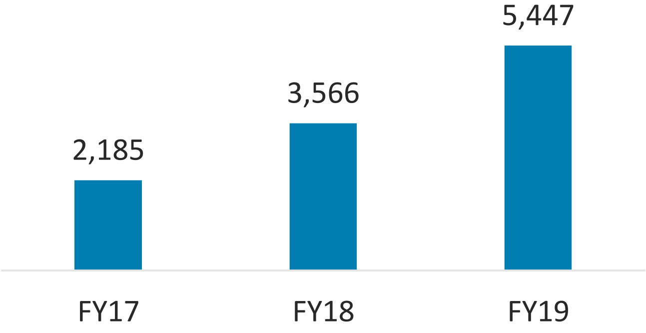
Leading producer in terms of number of hours of content produced for Tamil television serials

Producing digital thematic films targeted at the youth segment

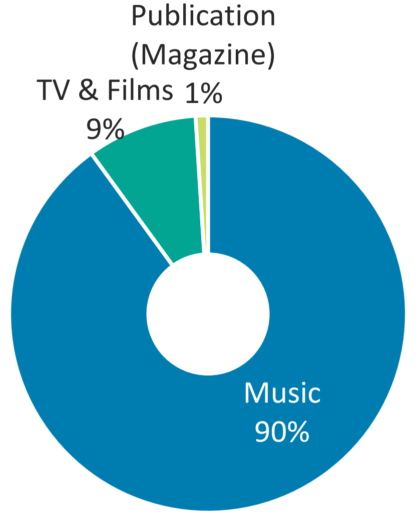
Company Overview

- Saregama India Ltd., an RP Sanjiv Goenka Group Company, is India's oldest music label, youngest film studio and a multi-language TV content producer. Over the years, the Company has expanded its business from audio to home video, publishing, digital, events, films production and distribution and audio visuals.
- The Company has a music library of 1.2 lakh songs, covers 18 languages spread across eight music categories – Bollywood, regional films, ghazals, devotional classical, Indian pop and kids music.
- Since 2017, Saregama has been making headlines again owing to the launch of two unique initiatives, Saregama Carvaan and Yoodlee Films.
- Carvaan is a perfect blend of digital technology and a retro form factor, in less than a year from its launch, it is now Saregama's flagship product.
    - Saregama Carvaan, Carvaan Premium, Carvaan Gold and Carvaan mini are portable digital music players that come with features such as Bluetooth, USB, FM/AM and a collection of in-built songs.
- Yoodlee Films, Saregama's film production arm is 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
- 5,700+ hours of Tamil serial programming telecast on Sun TV and features in top 3 slots of afternoon prime time.

Consolidated Revenues from Operations (In INR Mn)



Segmental Revenue Breakup
Consolidate FY19



Strategic Overview

Rising Smartphone Ownership
450-500M

Falling Data Prices
>Rs3/GB

Falling Piracy

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

20 Films IP
+
50 New Films over next 3 years

5700+ hrs of Tamil serial content IP
+
1800 hours of new content over next 3 yrs

Strategic Overview

Saregama's long term strategy is to be a pure play content company capitalising on the global data boom

Diversified monetisation of Existing IP to fund IP Creation for Future

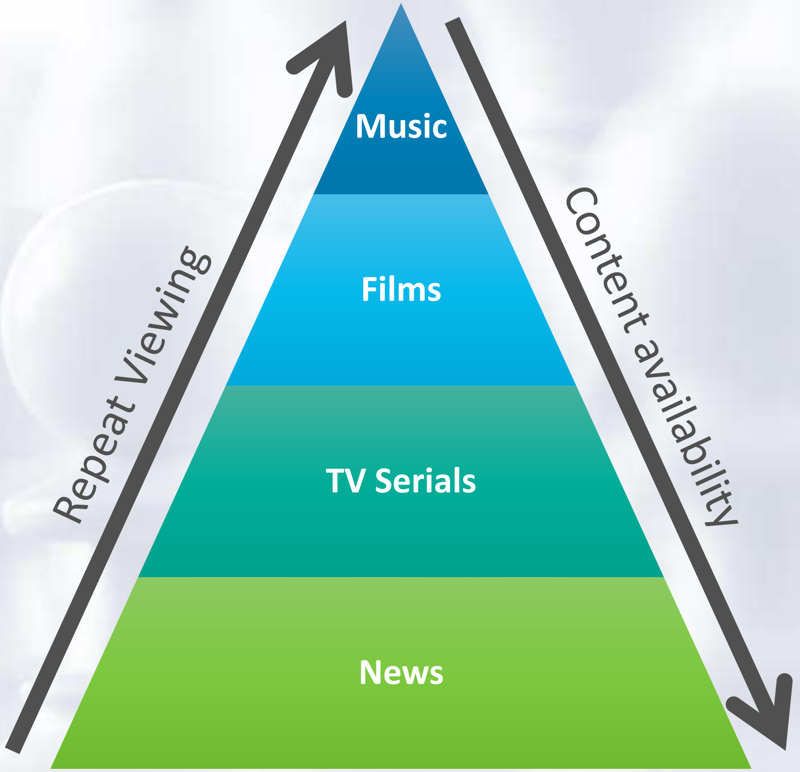
IP Monetisation

Higher monetisation of existing content through:

1. Greater presence on 3rd party digital and TV platforms globally
2. Launch of Saregama Branded physical products with embedded music

IP Creation

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



Company focus on top 2 tiers

Business Verticals

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

Business Verticals

Music Segment

FY19 Revenue Share

90%

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

TV & Films Segment

FY19 Revenue Share

9%

- This segment has leadership in Tamil Sun Network channels and has been producing content for Sun TV for last 17 years and broadcast 3-4 serials on Sun TV at any given time
- Company owns rights to 5,700+ hours of Tamil Series
- Yoodlee Films is the production division which focuses on thematic digital films in all languages with tightly controlled budgets

Publications Segment

FY19 Revenue Share

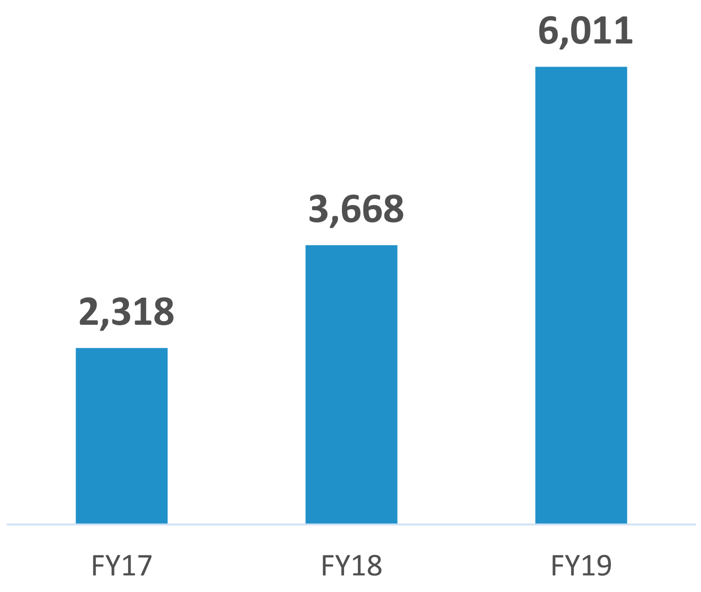
1%

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

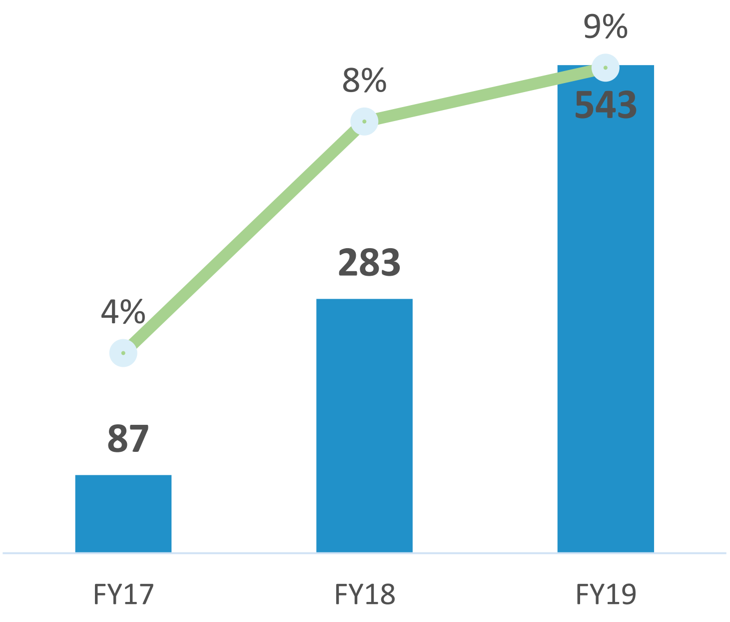
Financial Highlights

Last 3 years Track Record

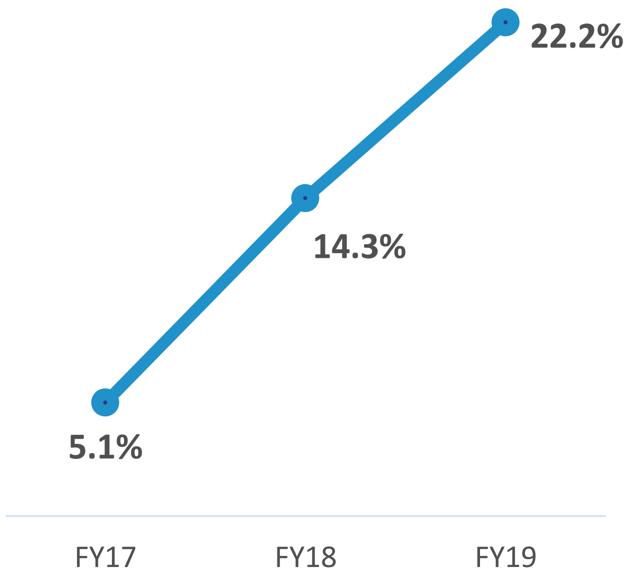
Total Revenue (INR Mn)



PAT (INR Mn)and PAT Margin (%)



ROCE* (%)

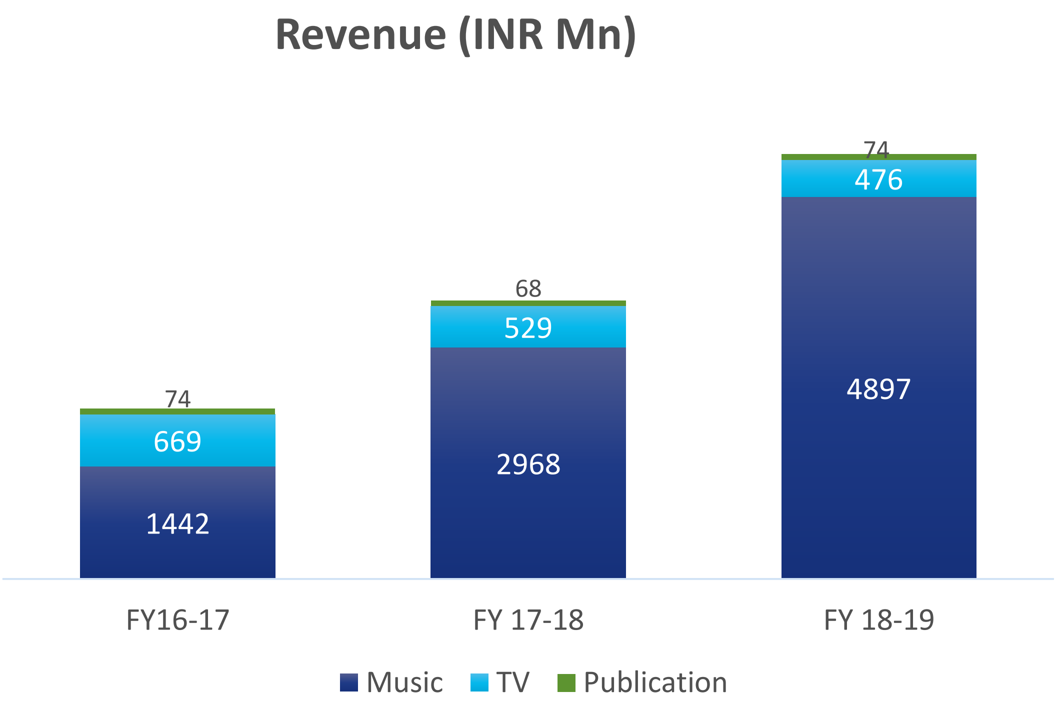


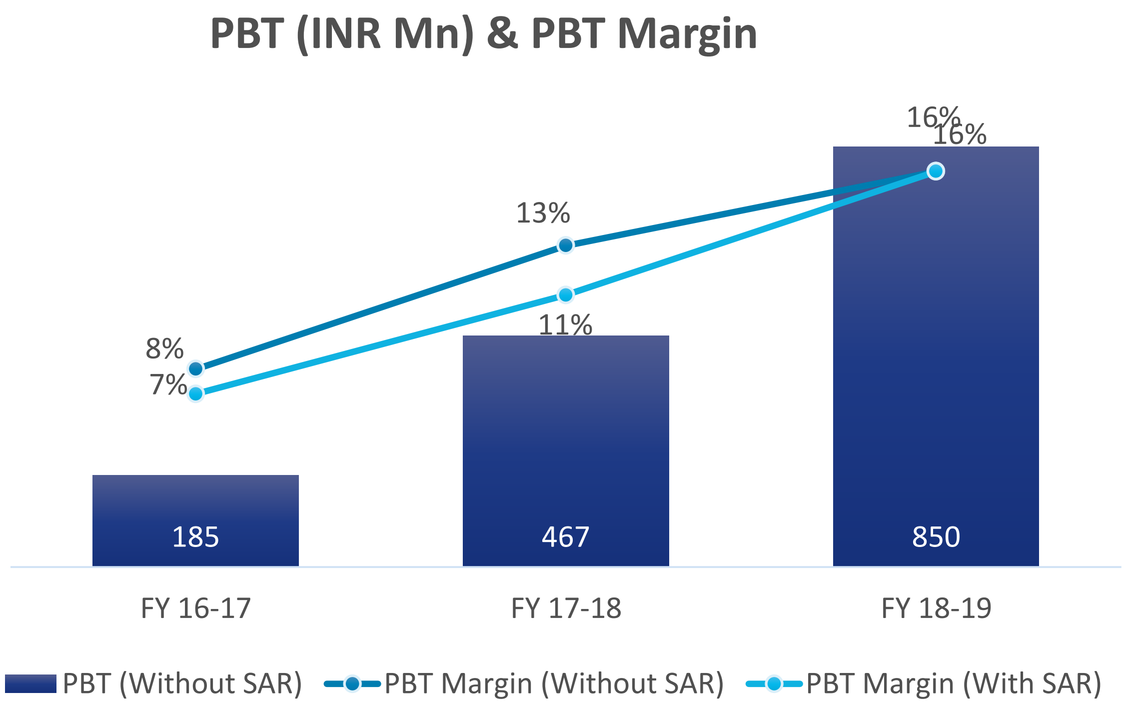
*Capital Employed = share capita. security premium & free reserves

Total Revenue grown by 160%
PAT grown by 524%

Financial Summary – Consolidated

Particulars (INR Mn)	FY 18-19	FY 17-18	Y-o-Y Growth	FY 16-17
Revenues from Operations				
• Music	4897	2968	65%	1442
• TV & Films	476	529	-10%	669
• Publication	74	68	8%	74
Revenue from Operations Total	5447	3566	53%	2185
PBT without SAR Provision	850	467	82%	185
PBT after SAR Provision	847	389	118%	159
PAT	543	283	92%	87





Percentage is calculated based on Revenue from operations.

Financial Performance – Consolidated

Particulars (INR Mn)	FY19	FY18	Y-o-Y Growth
Revenue from Operations	**5,447**	**3,556**	**53%**
Other Income#	564	102	454%
Total Revenue	**6,011**	**3,668**	**64%**
Total Expenses	5,062	3,125	62%
EBITDA*	949	543	75%
EBITDA Margin (%)	16%	15%	*7%*
Depreciation	33	42	-21%
Finance Cost	66	34	94%
PBT without SAR	**850**	**467**	**82%**
SAR Charge	3	78	-96%
PBT with SAR	847	389	118%
Tax	304	106	187%
PAT	**543**	**283**	**92%**
PAT Margin (%)	9%	8%	*13%*
Comprehensive Income	-13	164	
Total Profit including Comprehensive Income(Net of tax)	530	447	19%
Diluted EPS	31.2	16.2	93%

***EBITDA without SAR**
 # 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.

Balance Sheet – Consolidated

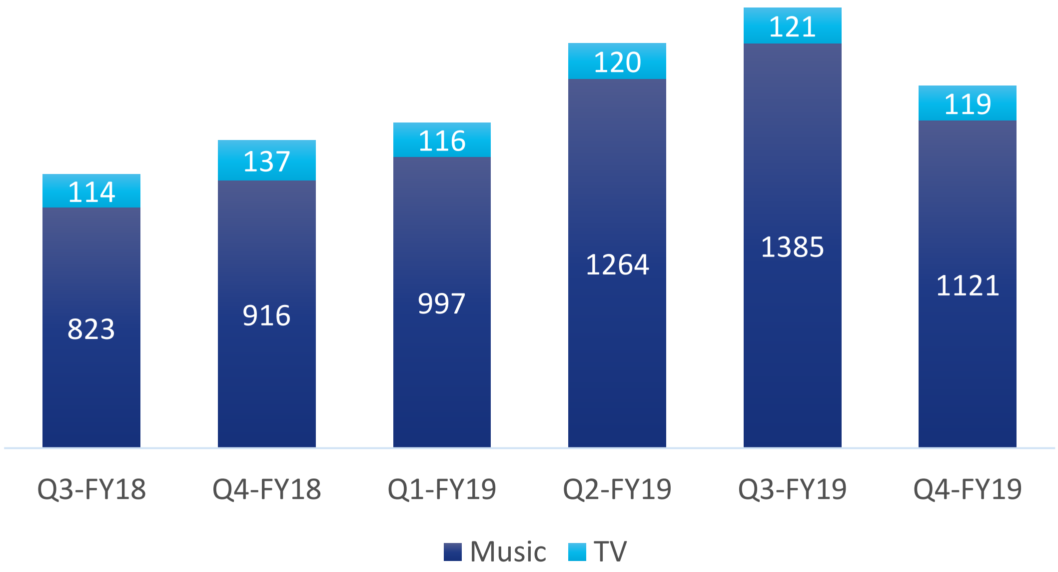
Equity and Liabilities (INR Mn)	FY19	FY18
Shareholders Fund		
(a) Equity Share Capital	174	174
(b) Other Equity	4107	3,643
Net worth	**4,281**	**3,817**
(c) Non Controlling Interest	26	23
Non Current Liabilities		
(a) Employee Benefit Obligations	28	24
(b) Deferred tax liabilities (Net)	581	479
Current Liabilities		
(a) Financial Liabilities		
(i)Borrowings	638	159
(ii)Trade Payables	564	404
(iii)Other Financial Liabilities	421	359
(b) Other Current Liabilities	183	149
(c) Provisions	357	361
(d) Employee Benefit Obligation	9	8
Total	7088	5,783

Assets (INR Mn)	FY19	FY18
Non Current Fixed Assets		
(a) Property, Plant and Equipment	2057	1,884
(b) Investment Properties	24	24
(c) Intangible assets	71	65
(d) Investments in subsidiaries and Joint Venture	-	-
(e) Financial Assets		
(i) Investments	1483	1,510
(ii)Loans	49	40
(iii)Other Financial Assets	-	-
(f) Other Non Current Assets	16	112
Current Assets		
(a) Inventories	963	493
(b) Financial Assets		
(i) Trade Receivables	1098	730
(ii) Cash and cash equivalents	50	92
(iii) Bank Balances other than (ii) above	18	16
(iv)Loans	2	2
(v)Other Financial Assets	0	0
(c) Current Tax Assets (Net)	349	423
(d) Other Current Assets	908	392
Total	7088	**5,783**

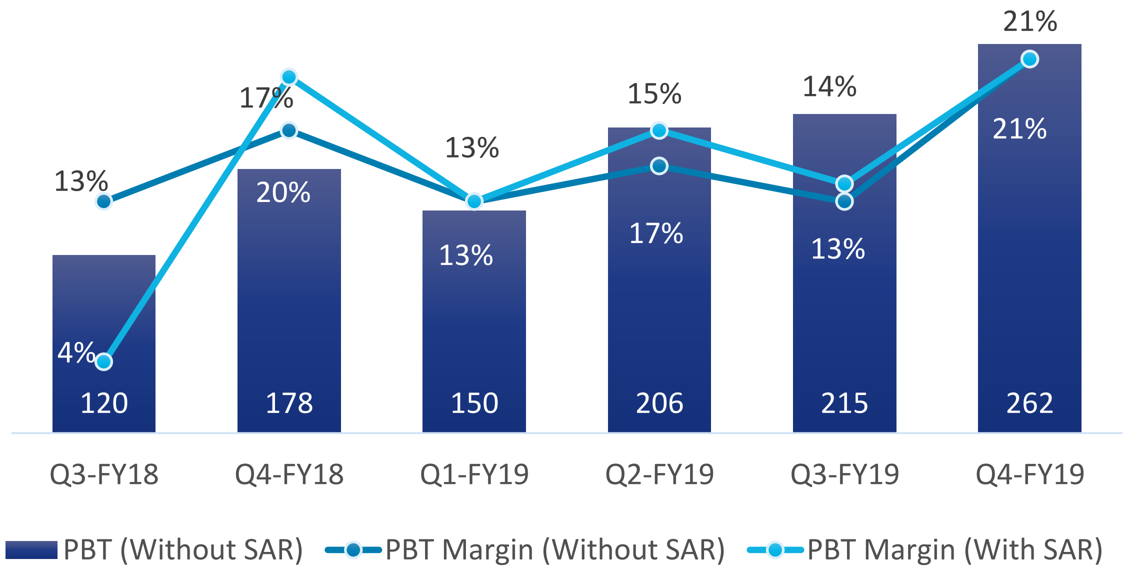
Financial Summary – Standalone Quarterly

Particulars (INR Mn)	Q4-FY19	Q3-FY19	Q-o-Q Growth	Q4-FY18	Y-o-Y Growth
Revenues from Operations					
• Music	1121	1385	-19%	916	22%
• TV & Films	119	121	-2%	137	-13%
Revenue from Operations Total	1240	1506	-18%	1053	18%
PBT without SAR Provision	262	215	22%	178	47%
PBT after SAR Provision	259	193	34%	211	23%
PAT	161	123	31%	214	-25%

Revenue (INR Mn)



PBT (INR Mn) & PBT Margin



Percentage is calculated based on Revenue from operations.

Financial Performance- Standalone Quarterly

Particulars (INR Mn)	Q4-FY19	Q3-FY19	Q-o-Q Growth	Q4-FY18	Y-o-Y Growth
Revenue from Operations	**1240**	**1,506**	**-18%**	**1,054**	**18%**
Other Income	119	23	417%	74	61%
Total Revenue	**1359**	**1,529**	**-11%**	**1,128**	**20%**
Total Expenses	1074	1,290	-17%	930	15%
EBITDA*	285	239	19%	198	44%
EBITDA Margin (%)	*23%*	*16%*		*20%*	
Depreciation	4	9	56%	9	-56%
Finance Cost	19	15	26%	10	90%
PBT without SAR	**262**	**215**	**22%**	**178**	**47%**
SAR Charge	3	22	-86%	-33	-109%
PBT with SAR	259	193	34%	211	22%
Tax	98	70	39%	-3	-3353%
PAT	**161**	**123**	**31%**	**214**	**-25%**
PAT Margin (%)	*13%*	*8%*	*62%*	*18%*	
Comprehensive Income	96	46	110%	-90	-207%
Total Profit including Comprehensive Income(Net of tax)	257	169	52%	124	107%
Diluted EPS	**9.2**	**7.1**	**31%**	**12.3**	**-25%**

Financial Performance – Standalone Yearly

Particulars (INR Mn)	FY19	FY18	Y-o-Y Growth
Revenue from Operations	**5244**	**3456**	**52%**
Other Income#	595	142	319%
Total Revenue	**5839**	**3598**	**62%**
Total Expenses	4917	3037	62%
EBITDA*	**922**	**561**	64%
EBITDA Margin (%)	***16%***	***16%***	
Depreciation	30	38	-21%
Finance Cost	66	34	94%
PBT without SAR	**826**	**489**	**69%**
SAR Charge	3	78	-96%
PBT with SAR	823	411	100%
Tax	304	106	187%
PAT	**519**	**305**	**70%**
PAT Margin (%)	***9%***	**8%**	
Comprehensive Income	-17	136	-112%
Total Profit including Comprehensive Income(Net of tax)	**503**	441	14%
Diluted EPS	**29.8**	**17.5**	**70%**

***EBITDA without SAR**

 # In FY2018-19 other income includes Rs. 322Mn 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
Shareholders Fund		
(a) Equity Share Capital	174	174
(b) Other Equity	4087	3,647
Net worth	**4261**	**3,821**
(c) Non Controlling Interest	-	-
Non Current Liabilities		
(a) Employee Benefit Obligations	25	21
(b) Deferred tax liabilities (Net)	557	456
Current Liabilities		
(a) Financial Liabilities		
(i)Borrowings	608	129
(ii)Trade Payables	526	386
(iii)Other Financial Liabilities	411	347
(b) Other Current Liabilities	166	116
(c) Provisions	356	359
(d) Employee Benefit Obligation	8	7
Total	**6918**	**5,642**

Assets (INR Mn)	FY19	FY18
Non Current Fixed Assets		
(a) Property, Plant and Equipment	2056	1,881
(b) Investment Properties	24	24
(c) Intangible assets	69	61
(d) Investments in subsidiaries and Joint Venture	158	155
(e) Financial Assets		
(i) Investments	1,212	1,234
(ii)Loans	46	34
(iii)Other Financial Assets	-	-
(f) Other Non Current Assets	15	112
Current Assets		
(a) Inventories	924	473
(b) Financial Assets		
(i) Trade Receivables	1129	781
(ii) Cash and cash equivalents	15	64
(iii) Bank Balances other than above	18	16
(iv)Loans	13	5
(v)Other Financial Assets	1	1
(c) Current Tax Assets (Net)	336	414
(d) Other Current Assets	902	387
Total	**6918**	**5,642**

FY19 Operational Highlights

Music Segment Operational Highlights

Q4-FY19 Operational Highlights:

2.9K new billing dealers added in Q4 total 22.5K dealers

Gross margin improved to 25% from 22% in Q4 of last year.

Carvaan Mini Bhakti and Telugu legends were launched.

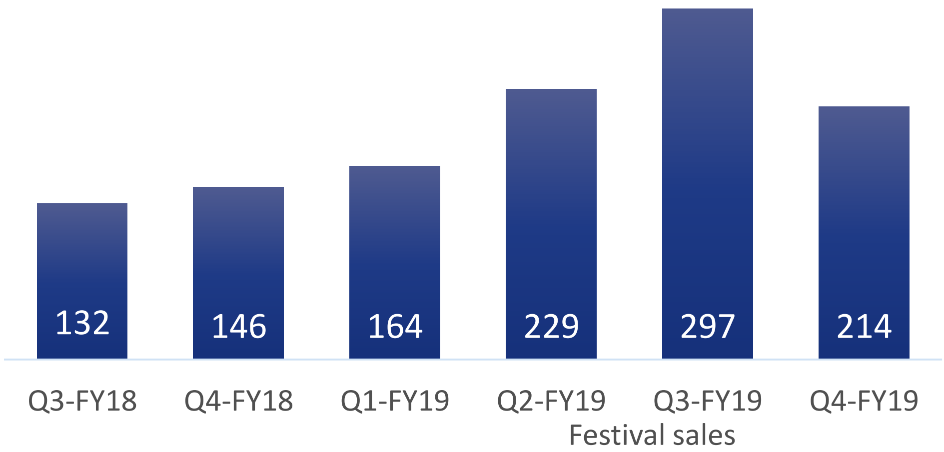
Future Outlook:

Carvaan Go launched in Apr'19, Carvaan 2.0 to be launched in Next Quarter

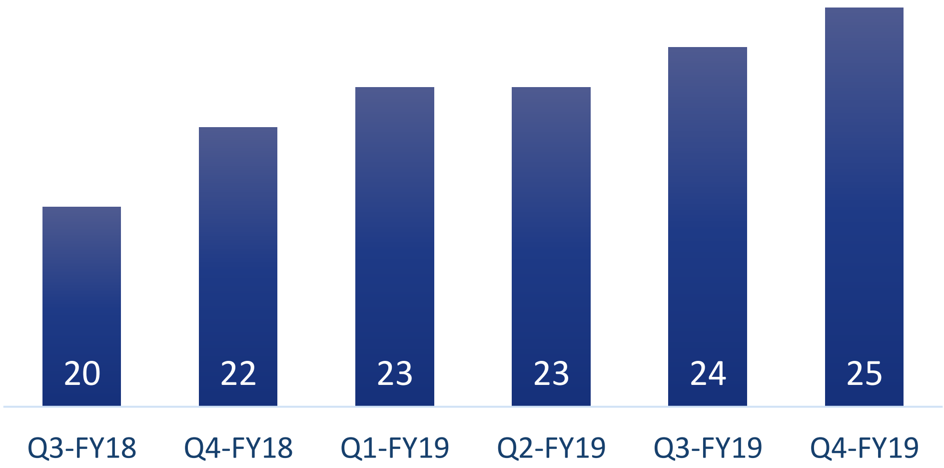
Annual Estimates for FY 20: 1200K units

Carvaan continues to win awards for Innovation & Marketing

Carvaan Sales (units '000s)

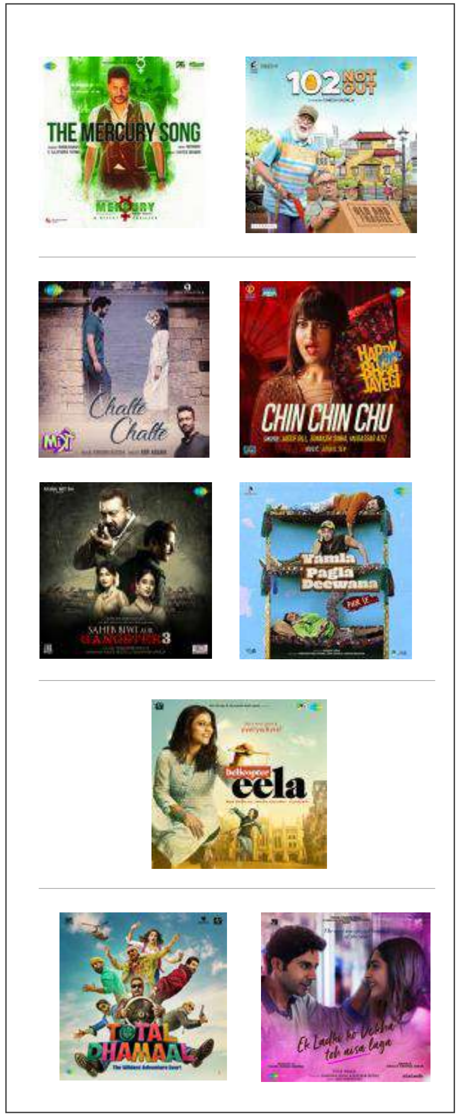


Carvaan Gross Margin (%)

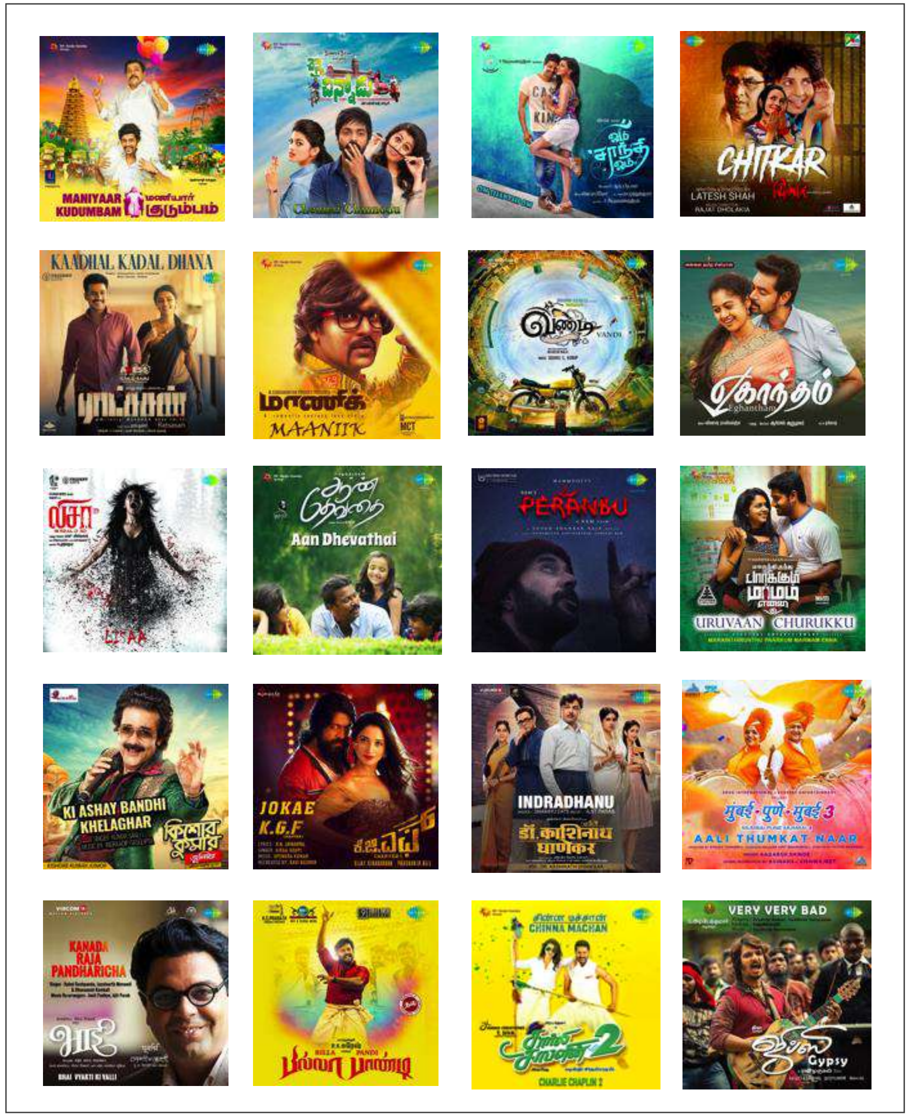


Music Segment Operational Highlights

Hindi

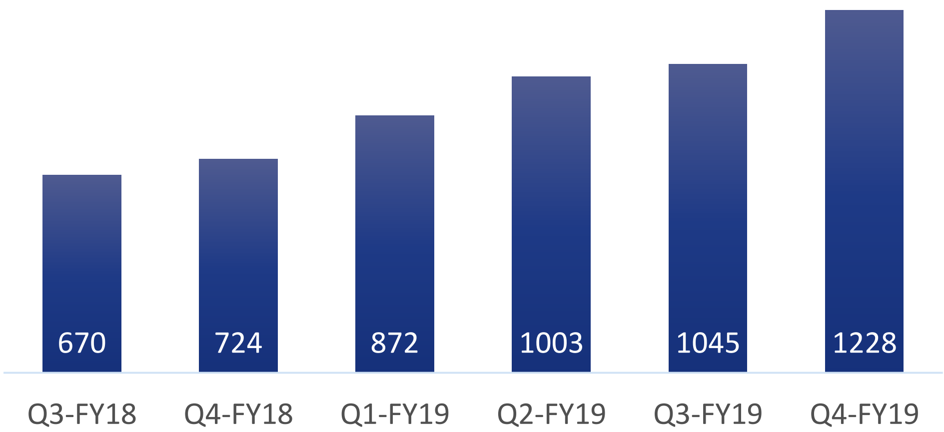


Regional

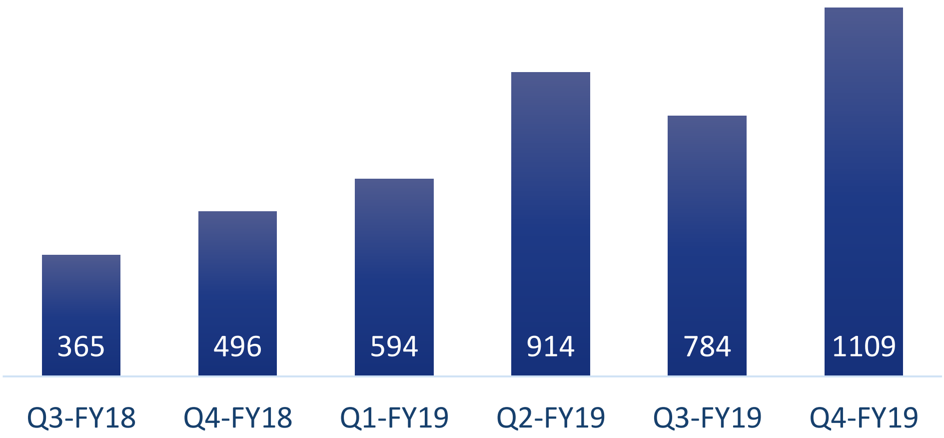


Saregama invested Rs.56Mn in FY18 and Rs.324Mn in FY19 in new music rights acquisition.

OTT Streams (Mn) per Quarter



YouTube Views (Mn) per Quarter



Views count is from 25 Channel owned by Saregama

Films & TV Segment Operational Highlights

Q4-FY19 Operational Highlights:

Films (Yoodlee)

- Only studio in India to give 3 Netflix Original.

Hamid:

- The film was featured in 13 film festivals
- The film won 4 awards at International Film Festival.

Television Business

- Serial Roja (2 Year old) moved to evening Prime Time slot from noon
- IP of Tamil TV Serial Roja is Monetised through remaking it in Telegu, Malyalam and Kanada

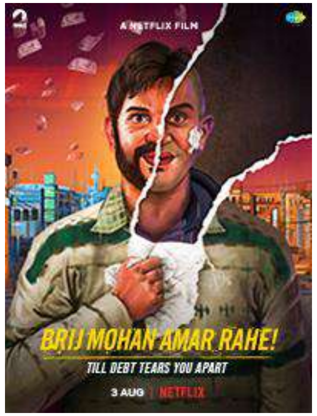
Future Outlook:

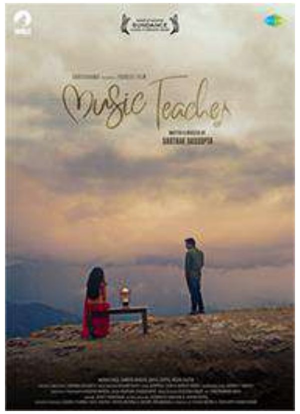
Films (Yoodlee)

- 12 movie output deal with leading Indian broadcaster/ Digital platform.
- Another deal on the cards

Television Business

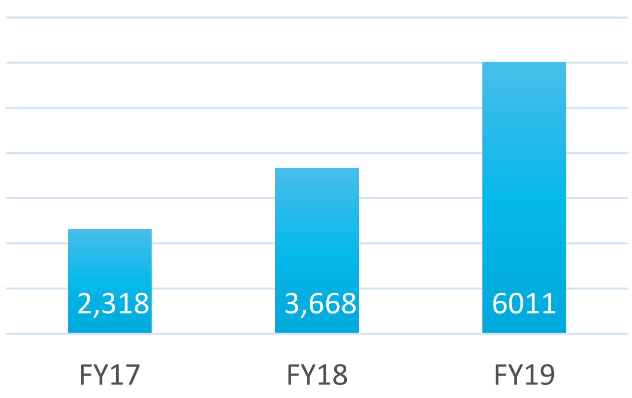
- Another show on the cards



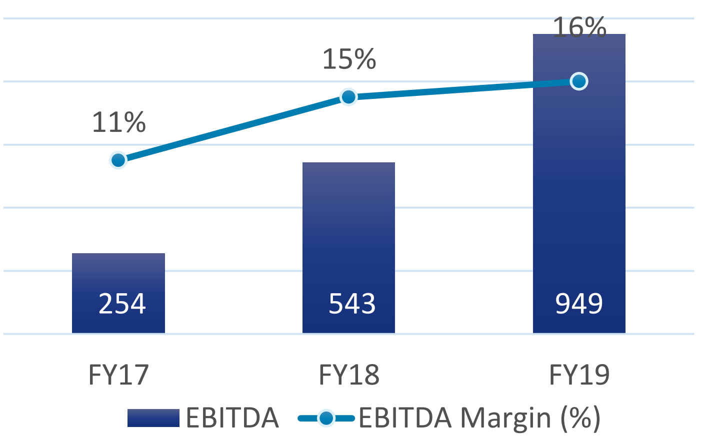


Financial Charts (Consolidated)

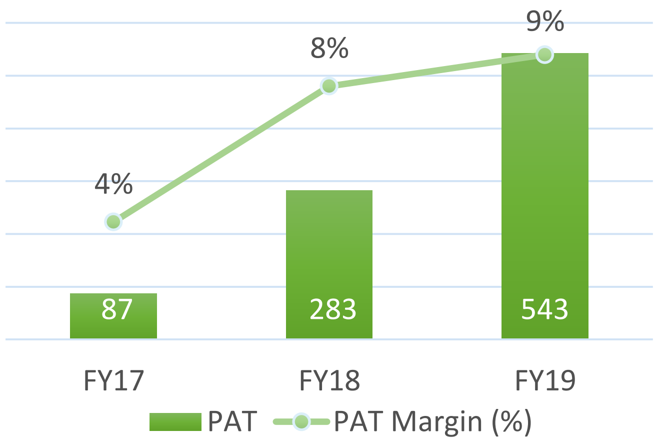
Total Revenue (INR Mn)



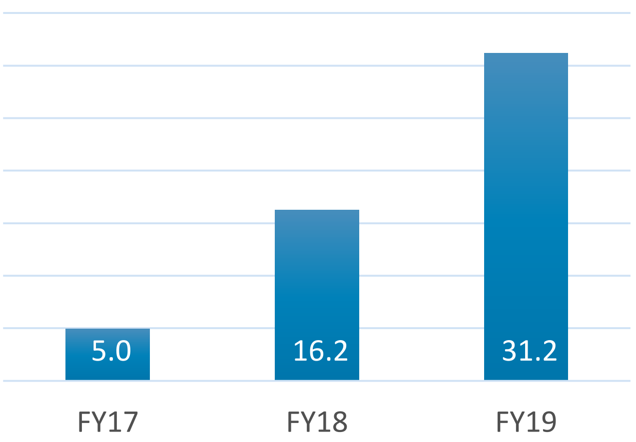
EBITDA and EBITDA Margin (%)



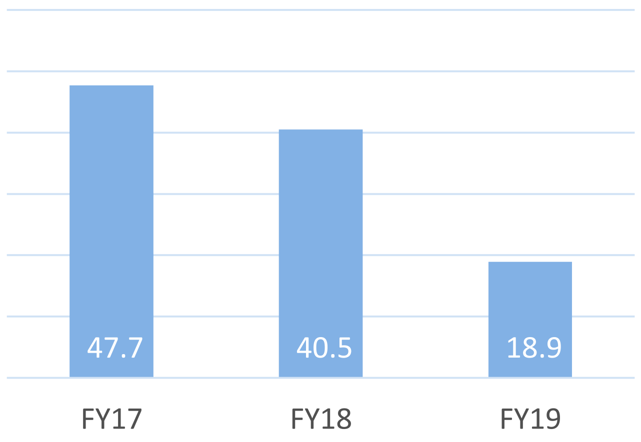
PAT and PAT Margin (%)



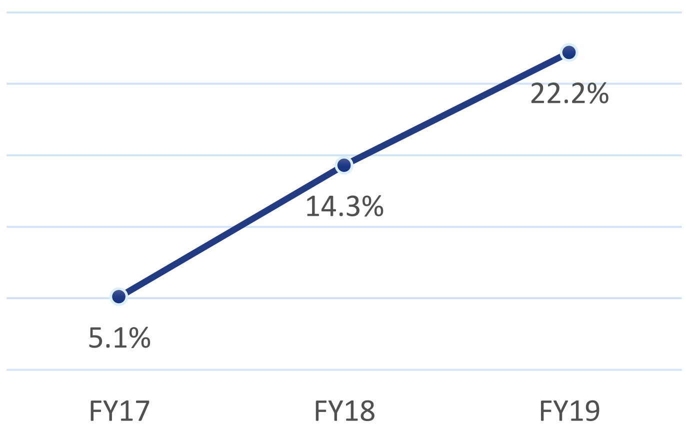
Diluted EPS



PE Ratio



ROCE*



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

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sa re ga ma

soul of India

Thank you

"Saregama India Limited
Q4 FY2019 Earnings Conference Call"

May 09, 2019

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

Moderator: Ladies and gentlemen, good day and welcome to the Saregama India Limited Q4 FY2019 earnings conference call, hosted by Anand Rathi Shares and Stock Brokers. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone 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 Private Limited. Thank you and over to you Sir!

Shobit Singhal: Thank you Nirav. Good afternoon to all of you. Welcome to the Q4 FY2019 earnings conference call of Saregama India Limited. From the management side, we have today Mr. Vikram Mehra, the Managing Director, Mr. Vineet Garg, CFO and Mr. B.L Chandak, the Executive Director. Now I would like to handover the floor first to Mr. Vikram Mehra for his opening remarks post that we can start with the Q&A session. Over to you Sir!

Vikram Mehra: Good evening everyone. Another good quarter more importantly a great year for us. We have been able to grow our revenue from operations from 357 Crores as of last financial year to 545 Crores this year, which is a growth of 53% and this is not just a topline. If you look at the PBT numbers without the SAR provision even that has gone up by 82%, so we are close to what doubling our profitability number, the topline is going up close to 53% and it is a combination of multiple things, which seems to be working for us. Let me go back and start that all of us seem to be very keen on which is Carvaan. Carvaan whichever number, which are less than 400000 as a last year has crossed the 900000 units sale number in this financial year, which is in sync with the estimate that we people had. We had estimated around 900000 number and came to 903000 for the financial year. I think more heartening thing for me for this quarter was that in spite of the typical slowdown that you see after the festival season for all durable companies is always a biggest occasion where the sale happens and especially for a product like Carvaan, which is a gifting product at this juncture. We were expecting numbers to come down, but January to March has been a very, very difficult quarter for practically all durable companies. In that quarter also we have been able to go back and manage both share of mine at the retailer level as well as the customer level and were able to cross the 200000 units mark in the quarter, one juncture would have looked difficult but this is also showing us that Carvaan somewhere is able to go back and ride the typical seasonality issues and the market sentiment issues, it is not that the numbers after Diwali have gone out there and self limiting and we were able to hold off then.

In the last quarter I mentioned you that we had revamped Carvaan Mini, this time we took it forward started having thematic Carvaan Mini, so there is a mini now, which is dedicated to Gurbani, another Mini which was dedicated to other Hindu devotional music, third one we have just launched dedicated to Rabindra Sangeet. There is one for Telugu, another for Tamil, one for Malayalam and we will be doing many such more minis in the days to come. The positioning of Mini is different from Carvaan. Mini is more for your personal usage. Promotion of minis are done closer to the place of consumption. So Gurbanis are promoted extensively outside Gurudwaras while devotional one is getting marketed and promoted outside temples and that is approach we are using as far as the mini is concerned. Carvaan continues to be the gifting product. We had one large campaign in the previous quarter, which was about gifting Carvaans during the marriage season and got decent amount of attraction from North India. We have also been able to go back and continue in retail expansion and in number of retailer stocking and selling Carvaan went up upwards of 22000. This is again as I mentioned in the past a combination of consumer durable stores, mobile handsets, gifting store and car accessories. These are the four prominent distribution networks we are using. Very recently we also launched, in the month of April. Our new product of ours called Carvaan Go. It is important to understand why we are extending this.

When the people have done consumer research with Carvaan, we realized that the average listening time of Carvaan at a home daily is seven-and-a-half hours every day people are listening to it only in homes, which have got people above the age of 60, the retired people wherever they are, have seen a massive consumption of Carvaan. The younger people 40 to 60 they were saying listen we do not get time, we have bought Carvaan, we do not get time to listen to it we listen to it only over the weekends, keeping that in mind we have launched Carvaan Go so that people can listen to their favourite music when they are driving to their office, when they are going for their morning walk, and when they are flying or in their train. All the time where a working person had a lot of me time Carvaan Go comes as a very handy product there. Carvaan Go has also been positioned as a product not only for you but also for gifting to the older people in your family. So Carvaan Go is a gifting product. Carvaan Mini and Carvaan Go are products, which we were positioning for the individual customer.

The revenue that we have gained from Carvaan is literally doubled this year compared to the last year in terms of sale. We have grown by 120% in terms of revenue. We have grown close to 100% number that is coming out from Carvaan. The other part, which is a core of this company, which is going to ensure, this company, is still going to be making money 20 years hence, is the licensing part. Two big things have happened. Licensing income overall has grown in the financial year by 33%, our estimates for 18% to 20%, which we have given in the past, I still maintain that the estimates of 25% are closer to what is going to happen 33% is an aberration that has happened out this year. Now the base is going to be bigger. I do not think we will be able to manage 33%, but this year we grew by 33%. On the back of some great work happening on the streaming side because both the number of people who are using apps like Gaana and Saavn are going up, also the number of songs they hear in every session is going up. Our revenue is directly linked to how many songs of us getting heard.

The success of Carvaan is also making Retro Music makeup big come back in the country, so two things are there. Retro music making come back to Carvaan and if you see the top 20 songs, latest songs, which got released from January to March over 75% of those songs are remixes or reinterpretations of old Retro Music. So overall retro making a comeback, which is helping Saregama because we are sitting primarily the entire Retro catalogue of this country, which is overall helping licensing income for us. Licensing income went up from 148 Crores as of financial year 2018 to 195 Crores this year. It has 33% growth. This year also this quarter specifically also saw us now moving on the content acquisition side. Around two years back we made our first baby steps towards acquiring new film music, is very small films like Kahaani 2 and Babumoshai Bandookbaaz then we went up last April-May, started taking movies like 102 Not Out, which was Amitabh Bachchan and Rishi Kapoor's movie to Saheb Biwi Aur Gangster, which was Sanjay Dutt movie.

Now in January-February we people ended up taking two high profile films for the first time, Ek Ladki Ko Dekha Toh Aisa Laga, which is Vidhu Vinod Chopra's film, one of the biggest banners you have in Bollywood and then we took Total Dhamaal, which is a multi-starrer of Fox studio film with Ajay Devgan and Anil Kapoor in it, a big commercial head, both these films music I think we were able to prove to the industry that Saregama is right up there as far as music marketing is concerned, we are back in the music acquisition path with a bang. The songs have done very well, you can go to You Tube or you are going to Saavn and check it yourself the numbers are looking very encouraging, which is giving us the confidence that the process driven approach that we have adapted in Saregama towards acquiring new music and all the relationship we have put in place both on the marketing side and monetization side, we are in a good enough position now to start getting more and more aggressive in the days to come in terms of acquiring new music and monetizing it, which is great news for the company.

The third vertical, which has done even better than what many people would have given credit to film business. Our objective of financial year 2018-2019 and I have stated it in my call four quarters back was that we want to go back and establish ourselves as a serious player in content driven cinema. Our objective is not to make films for theatre, our objective is to make films, which can be consumed by 18 to 35-year-old primarily on the digital media. Without launching own platform, we want to ride partner with other platform and put up a content there. Now we have the amazing honor of now having five of our films in 16 months that they have released all on Netflix of which three of the films are already our release as a Netflix original. The latest one was music teacher, the deal was done last financial year, but it got released in the month of April and has got pretty decent reviews there. Based on the success of selling films to Netflix and they are doing very well there. We have also got an order from another digital platform to make films for them on an output basis that means we present the script to them if they like it they green light the film and we have a guaranteed order with an advance that they give across to us and then we make the film and delivered to the film to them in nine months.

The first film under this process will get delivered around October this year. We already have shot the film, the post production is going on, so that is a steadied work, which is going on. We hopefully will also be able to finally close another output deal with another digital provider for whom also we will be making content, but this time in regional languages and not in Hindi. So 2018-2019 went to the great years of consolidate and create our clear cut comfort in the mind of DVD buyer that yes Saregama makes quality films, which are made under very tight budgets and these films in the end perform with the end user that is why we are getting lot of repeat orders. We have been able to prove it to ourselves and all the investors also that we can make movies without ever losing money if we follow basic processes movie making is not gambling, movie making has a few of the management principle you can make money. In 2018-2019 we have been able to go back and make the films, we have not made money we have not lost money, but we have established our film now pretty well to start making money from 2019-2020, 2020-2021 onwards.

Our fourth vertical, which are the replica of the smallest vertical is television, TV serials that vertical has been under pressure for some time and continues being under pressure. Though we have done very well in terms of the ratings of our programs we have not been able to do equally well in terms of monetizing these ratings, but the good part is when we make a TV episode, and give it to Sun TV the way the model works is that we make our program at our cost we put it on Sun TV, Sun TV gives us some seconds of advertising time that we can sell in the market, whatever money we make, out of that is the revenue. The good part of this very long relationship with Sun TV is that if we are not able to sell seconds on a particular episode, though seconds get banked and we can sell it at a later juncture. 2018-2019 we were not able to sell lots of our advertising time, we have not made loss on this, this is a very marginal number we are talking about, and we have just about working even out there. I believe we would have like to make some amount of profit, but the good part is that the inventory is sitting out there with us, whichever day we are able to liquidate that advertising inventory that would give the profit that we will get the entire money and treat it as profit because cost has fully been taken in.

My last part is reminding all of you here when you are looking at our numbers, the entire cost when we acquire new film music, typical if we are paying Rs.100 for new film music, 75 is towards content, 25 is towards marketing. Marketing get charged off completely, so Ek Ladki and Total Dhamaal we charged off marketing completely. The content cost 66% of that, yes charged off in the first 12 months itself, similarly for Yoodlee Films, whatever film revenue we people are writing out here we are charging of the entire 100% of the cost in the 12 months when the revenue is getting recognized, so whatever we continued calling these extremely conservative policies as far as new content acquisition is concerned.

The last update in April last year we had a fire at Carvaan godown and all our Carvaan units got burned on April 1, 2019. We were able to go back, so there were two implications of that, one there was a fear we will take the stock out happening, and we will end up losing sales but I am happy at the pace at which we were able to turn things around with our partner who own the factories. We did not face any problems of stock outs, we managed in the current margin structure itself to fly some of the stocks from China to ensure that we do not face a stock out issue and our partner rose up to the occasion. As far as the insurance money is concerned, it did not come in last financial year, it has come in the month of April, so as of April 12, 2019, we have realized the money from insurance. There is a gap between actual stock burned, value of the stock burned and what we received from insurance company that has been fully charged off in a book as of financial year 2018-2019. That will be all ladies and gentlemen. I am ready for questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Rahul Jain from Credence Wealth. Please go ahead.

Rahul Jain: Congratulations on a good set of numbers, a very fantastic year and also thank you so much for a very detailed presentation, which has been released by the company yesterday.

Vikram Mehra: Thank you.

Rahul Jain: So coming straight to the questions. Three questions from my side, one on the music, second on Yoodlee films, third on some balance sheet items. As far as music, in your comments you mentioned about going aggressive on new techs for the next three years and your presentation does mention about incremental having a share of 20% market share in the incremental music acquisition. So can you just elaborate this in terms of the next three years what kind of content acquisition we are going to do and within music also this year as per your presentation you have spent about 32 Crores on music acquisition, so out of this 32 Crores, the amount which is totally written off NPL or as you mentioned how much would be written off NPL in this year?

Vikram Mehra: With the last part let me answer this. I told you the accounting policy that we are following out here is that in the year in which music is being acquired or the 66% of the content cost get charged off and the remaining 33% over the next three years, the entire marketing cost get charged off. So this financial year may have some of the previous year numbers also sitting in and some of the current year numbers also sitting in. So that 32 Crores is the overall value that is committed value from our side, which in a sense the cash flow, which is happening from our side when we go back and acquire that music. Your second question is what the budgets we are looking at are, yes we are looking at 20% share of the new film music there where we are static close to 0 at this moment. We are very roughly looking at a number broadly in the range of 200 Crores over the next three years.

Rahul Jain: Sure.

Vikram Mehra: Our commitment, which is a cash flow.

Rahul Jain: With regards to both music acquisition and also you mentioned about 25% growth if I take three years' ballpark you have a figure of about 200 Crores from licensing music business that should be in the range of about 370, 380 Crores assuming a 25% CAGR growth for the next three years versus that, so will you be able to maintain margins on the music business or will there be some operating leverage coming in due to the growth in this business?

Vikram Mehra: The fact of life is if I am talking about 25% it is primarily coming also on the back of the fact that we are acquiring new film music so these numbers are connected to each other. I do not know how else to go back and answer this question across to you. Our ability at this juncture the new film music helps our ability to renegotiate minimum guarantee deals and fixed fee deals at a far higher number then we have been able to do in the past. In the past when we used to renegotiate deals typically it had inflation. Now the number is looking substantial enough. This year when you are seeing our revenue is going up substantially on the licensing side, there also on the back of the films, which are going to be may be coming in 2019-2020. The way we all negotiate is my film may be 2019-2020 may be 2020-2021 films, if I am committed to that film I used that as a leverage to go back and renegotiate my deal for today because most of the deals are getting signed up in two years. So some amount of the benefit of the movie, which is going to be coming in 2019-2020 I am only speaking in 2018-2019, it all depends which deal comes up for renewal at what time, so there are two deals, which got renewed in the later part of last financial year and we were able to factor in the future releases to renegotiate a much higher increment.

Rahul Jain: Can we assume some kind of operating leverage coming in this business or would that be negated by the increased music acquisition cost?

Vikram Mehra: In the short term will be negated by the increased music acquisition cost. If I look only at a catalogue business, remember the catalogue business is pure profit business because apart from the royalty that we pay, there is no other major cost, leave aside all the corporate cost. There is no net cost that I am incurring apart from a very thin manpower. There is no direct cost, which is sitting in, so one can look at and say it is a pure, high profit business. We understand that if we do not reinvest in this, the number is never going to become large enough and may be in the long run we may become insignificant 10 or 20 years down the line. For us it is important that we keep on investing in it, the commitment to you is we are not going to be borrowing to invest today so that I can make money tomorrow I will be investing only from the money we are making today and internally also we have taken another call that at all time the acquisition, monetization responsibility or licensing is sitting with the same vertical head, vertical head cannot borrow from any other part of the business, vertical head has to ensure that this year this much revenue has returned so the next year a part of that can be reinvested out there in this. Remember there is huge headroom available. The music industry is still in a very nascent stage. We are genuinely seeing piracy taking a decline and as piracy keeps on coming down people will keep on moving to legal means of listening to music, which are very convenient and cheap and which means content players like us are in a very decent position.

Rahul Jain: Sure. With regards to Yoodlee Films, can you just share some more data in terms of the number of movies for which the cost has been written off in this current year 12 months and I feel that Music Teacher, which has been released in April that cost must not have been taken in FY2019?

Vikram Mehra: It was taken in FY2018-2019 because both the parts the cost as well as revenue has been taken in 2018-2019 because we got our money. Release is completely depending on the net rate they work out on the own calendar to decide which month, which movie should get released, but our lock-in happened from the day the agreement is signed I anyway cannot use that movie anywhere else and gets start from that day licensing period. Right now it is not connected to the release date.

Rahul Jain: So that means with regards to the output deal, which you have done, one output, which has been already done, in that as and when you are booking the cost along with that you would also book the revenue point, am I right?

Vikram Mehra: Yes. So in 2019 when the first movie will finally move from our side to the platform and these are licensing, we are not selling it, IP is maintained by us, but the day we transferred the movie we get a full money out there, we go back charge of the movie and recognize entire revenue.

Rahul Jain: So even charge when the movie is delivered?

Vikram Mehra: Charge when the movie is delivered.

Rahul Jain: Not before that, so it is not on WIP basis, whenever the movie is under production it will appear as a WIP or as an inventory?

Vikram Mehra: **S**itting as part of my inventory.

Rahul Jain: Understood. Now coming down to some of the balance sheet items, one is if you could share details about what is the regular other income, which the company can derive because this quarter we have seen about 11 Crores, current year we have another income of roughly 50 Crores less, so what is regular other income, which Saregama will continue to us, for what all is included in the other income?

Vikram Mehra: So this time other income Rs.54, one is insurance item sitting, this is around Rs.32 Crores, so if we exclude the Red that is around Rs.18 Crores, other income in normal course of business we have some interest income, some dividend from the investments the group company shares we are carrying, whatever dividend we got on, there is some interest income we get from the loan, which we are giving into our subsidiaries and all, so that is one and there are some items always and every year as a practice we review our liabilities and wherever we see the liability is no longer required so we keep reversing those liabilities on a yearly basis, so that amount a little bit come in that every year, so it is a normal routine, so whatever the other income is coming it is generally routine course of business.

Rahul Jain: Sure so that will be 18 is routine and 32, which you would have written off as part of damage?

Vikram Mehra: Only receivable is sitting in top line, so Rs.32 Crores if you see the note is there in the presentation as well and in the part of the accounts as well. So entire revenue of whatever the money we realized in the month of April is sitting as a part of my other income, but cost is actually the Carvaan cost, which goes into cost of production.

Moderator: Mr. Jain sorry to interrupt you, but I will request you to come back in the question queue for a followup questions.

Rahul Jain: No. I have the same question about balance sheet item probably.

Moderator: Sorry to interrupt, please Sir, I will request you to come back in the question queue.

Rahul Jain: Okay. Thank you.

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

Ravi Naredi: Sir you are doing the fine job.

Vikram Mehra: Thanks Ravi.

Ravi Naredi: Sir how much losses we have booked; can you tell something?

Vikram Mehra: Sorry, Ravi can you repeat the question?

Ravi Naredi: Yes. How much insurance claim we have received in April and how much loss we have booked in 2018-2019?

Vikram Mehra: The total loss was 37.58 Crores and we received 32.18, so Rs.5.6 Crores is the loss exactly.

Ravi Naredi: Only 5 Crores is the loss?

Vikram Mehra: Yes, 5.6 Crores to be precise.

Ravi Naredi: Okay and what is the Carvaan target you are making for next one year, two years?

Vikram Mehra: When I am doing my closing statement let me talk about it at that time.

Ravi Naredi: This debt is standing in the balance sheet what is debt amount?

Vikram Mehra: Which loan you are talking about Sir?

Ravi Naredi: In this balance sheet item, you have some secured debt.

Vikram Mehra: We have small CC limit. If you say my borrowing is 53.8 Crores this is primarily because my insurance money was stuck up and I need to borrow money, so I got the money in April and this money is paid already.

Ravi Naredi: So now again the debt is zero and any comment on the rise in stock?

Vikram Mehra: Sir it would not be zero because remember our Carvaan numbers are going up substantially, which means working capital requirement is going up, which will need cash at any particular time, but the big difference was the delta was the insurance money, so 60 Crores at the moment this 31 Crores money has come in, then it is half.

Ravi Naredi: Right. Okay. Understand. Thank you and all the best.

Moderator: Thank you very much. The next question is from the line of Savi Jain from 2Point2 Capital. Please go ahead.

Savi Jain: First I just wanted to know your comments on the entire script you have is fortified whether in future you will work with them or are you working out something with them, so just if you can give some background?

Vikram Mehra: Those are operational part let me not handle them here. In the business that we are in negotiations will happen, even today our content is not there fortifying India content is there in every other country outside India and that deal is still going on. So these kinds of things will keep on happening here and there and part of these operations here. There is no philosophical fight in this business. You do not fight; it is a question of whether the right valuation is being given for your content or not. So in spite of whatever you read in the papers you go to US you will get all my content and in UK, and in Singapore.

Savi Jain: And the second question is on your music revenues for the quarter has grown by around 22% year-on-year for the quarter whereas if I look at the underlying parameters for example the number of OTT Streams or a number of You Tube views or for that matter the number of Carvaan sold, all have grown between 50% to 200%, so clearly there is a mismatch in the revenues and the volumes, so one is could you explain probably the script for Carvaan would have gone down significantly this year because I think in the previous quarter we did not have the making, so is that true?

Vikram Mehra: So I am still not very clear about your question but your observation is the right observation. The mix is changing. Till six months back we were just not working till September 2018 and we had to revamp mini completely at that time and launch it in October 2018 that is the time it took off. So last quarter was the first quarter where there were some numbers and January-March quarter when Mini started moving up lot on the back of Gurbani and Bhakti. So yes the mix has changed.

Savi Jain: Just to scale a question better so your revenues that you have shown in music for Q4 FY2019 is 22% higher than the last year quarter Q4 FY2018 so that is a 22% growth and this Music is half is contributed almost by Carvaan and the other half is for licensing revenue. Now that Carvaan volume, which in another slide you have given that is a 47% growth over the last year.

Vikram Mehra: The Carvaan last year was 100% Carvaan, the Carvaan this quarter got a large share of mini also sitting as part of it.

Savi Jain: Right. So I presumed that is one part.

Moderator: Sorry to interrupt you Mr. Jain. I will request you to come back in the question queue for a followup question.

Savi Jain: Sure.

Moderator: Thank you. The next question is from the line of Akash Chaturvedi from Turtle Capital. Please go ahead.

Akash Chaturvedi: Sir I just wanted to get more understanding about the licensing revenue, could you just tell me what are the components of the licensing revenue and what are the growth drivers for each of them?

Vikram Mehra: The biggest component in licensing revenue is streaming. So this is when we go license our content to platforms like Gaana, JioSaavn, Hungama, Wynk, Amazon, Apple, Google. So all these guys take a license from us to use the content and every time a song of mine is getting played out there in those platforms, we get paid on a variable basis and we have also covered since we have caught with the biggest catalogue of the country. We also end up charging them large minimal value to protect downside there. The second largest source of revenue is what we call internally publishing, this is when we give rights to TV channels that they can do reality shows with the Music or they can play some music in any of that TV serials, same thing applies to digital so somebody is doing a web series on Amazon and Netflix and they want to use our music somewhere in the background, they need to take a license from us. If are using our music in their brand and jingle they need to take a license from us. If a new film is coming in which you want to somewhere use our music in the background they need to take a license from us. This is the second largest source and radio is also part of it. Then we also have society so every time you play music in a public area you need to take a license according to law of land. When you buy music or you listen to Gaana it is only for private consumption. You cannot play the music in a birthday party that you are having at Taj or Oberoi. You need to take a public performance license. There are societies that all the labels have created, will issue these licenses on behalf of all labels so that the money gets distributed amongst us. That is my third largest source of revenue and then there is You Tube.

Savi Jain: You Tube is not part of the same anything?

Vikram Mehra: The You Tube we keep streaming only as audio and You Tube is a bigger marketing thing for us rather revenue game. Revenue game offers much more on audio streaming.

Savi Jain: Sir it could be great if you could give us a breakup at least of the component?

Vikram Mehra: I can tell you that the line share of that over 50% is coming from audio streaming.

Savi Jain: Okay and what will be the growth driver for each of the component?

Vikram Mehra: The first one audio streaming for the last four years is growing at 40% and the part out is here as more and more smart phones are going up and the data is becoming more, more ubiquitous people are moving from pirated sites like songspk.pk or downloading pirated music from the local shop. We are moving to legitimate needs of streaming platforms. One of the players Gaana just declared 100 million active customers. Five days back, Times of India company, they declared that all of them are growing very, very rapidly and we are writing on back of them. The other publishing part, the business is earlier being coming only from TV channel, now it is also coming from the digital platforms, all of them have their web series and they are taking licenses from us and that business is also growing anything around 18 to 20%. These two are the largest ones at the juncture.

Savi Jain: Alright. Fine. Thank you Sir.

Moderator: Thank you very much. The next question is from the line of Siddhant D, an Individual Investor. We will move to the next question. The next question is from the line of Manav Vijay from Essel Mutual Fund. Please go ahead.

Manav Vijay: Sir in your PPT you have been mentioning about the gross margins that you make on Carvaan so you are at 23% at the beginning and you are closer to 25%, so first of all when you let us say so in FY2020 when you move from 9 lakh Carvaan to let us say 1.2 million as we have given in the PPT, these margins will move up or the probability is low?

Vikram Mehra: Probability is low. I think we will maintain at a 25% margin if at all there is a moment max a percent can happen a lot will depend; which way the dollar is moving because majority of our stuff is getting assembled in China. We were able to go back and improve our margins to this level of 25% in spite of dollar moving from 65 bugs to 71-72 bugs most part of the last financial year. If dollar only moves to 65 the margins are looking even better, but otherwise our 9 lakhs to 12 lakhs is not that bigger game changer to reduce my cost of goods sold on a per unit basis. Last 12 months we have been able to drive margins just because it was a second year of operations and efficiencies started coming in warehousing and logistic and service.

Manav Vijay: My second question is Sir at the EBITDA level what kind of margin Carvaan should be making?

Vikram Mehra: See at this juncture, the only number we are giving , let me just explain to you when we say gross margins what is included and what is not included, While calculating gross margin, we are detecting cost of goods sold, import duties, servicing cost, logistic cost, warehousing cost, content royalties that we are paying out there, and all the below the line marketing expenses so putting up dealer outlet, putting up a man who is demonstrating the product across to you all that cost is taking care of debited before we arrived at 25% margin, the only cost we are not debiting is above the line media cost, a cost of an ad running on TV channel or You Tube or news paper ad. Those costs are only cost which I kept out while calculating the gross margin.

Manav Vijay: Fair enough. My third question to you Sir so even I have already reached around 22500 billing outset in FY2019, what is possible for FY2020, why I am asking this question is because I mean in one of the meetings you had mentioned that in FY2020 you will be pushing a lot in the Tier-2 and Tier-3 towns so what is possible for FY2020?

Vikram Mehra: So we are looking at minimum number of 30000, retail outlets selling the product and the majority of the growth is going to be coming only from BTA and CTA towns.

Manav Vijay: My last question to you so you have roughly 110 Crores worth of shares of your A group company, your intent to sell them anytime in the near future or you will continue to hold them?

Vikram Mehra: Will continue to hold them.

Manav Vijay: Perfect. Thank you and all the best Sir.

Moderator: Thank you. The next question is from the line of Rhutu Mantri from Abakkus. Please go ahead.

Rhutu Mantri: Congratulation on a good year. My question is on the revenue from the music segment, the consolidated and standalone so if I see the numbers as 13 Crores difference. So can you tell us what exactly that is?

Vineet Garg: So music and consolidated is primarily our open media is not part of it and we have three subsidiaries, one in US, one in UK, and one in Dubai, whatever the sale is happening there is also part of that.

Vikram Mehra: The key part is the subsidiaries that we have outside, so all these deals of Carvaan and licensing that we are doing out of US, we typically routed from a subsidiary which is selling there. That revenue gets combined at a consolidated level only.

Rhutu Mantri: Okay. Thank you Sir.

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

Yogesh Kirve: Thank you for the opportunity. Sir for new music that we have released over the last 12 to 18 months what has been the experience so far in terms of the profitability or in terms of the recovery of our investments?

Vikram Mehra: Our commitment on new music is that the payback period of five years. However, what we have seen that movies we have acquired in the last 18 months, we seem to be doing better than that. Also when we buy a new music, these recoveries happened in two fashion, one which everybody understands, if the songs are doing well they will get that much more revenue. The bigger part is that even before the movie is released we use this as a negotiation suppose Salman Khan movies with us, we will use that then negotiation to renegotiate our fixed fees and minimum guarantee dealers. So you go back and factor in large increment in your licensing deals even before that movie gests released in the market. So if you are seeing 33% increase, which has happened in the financial year on licensing a large role is also of the fact that we started acquiring new film music and we are made a very clear cut message to the market that we will continue acquiring it. Whichever deals we people have renegotiated in the third or the fourth quarter of the last financial year we are using these as negotiation.

Yogesh Kirve: I understand. Sir can you talk specifically about our catalogue revenues, so what sort of growth profile can be expected, is there possibility of double digit growth?

Vikram Mehra: See licensing is going to be growing 25% odd plus minus one or two percent as an overall basis because when we are negotiating we negotiate for the entire things not just old catalogue content, also that new content that is going to come in the next one to two years, so it is a 25% growth that plus or minus 1 or 2% that we are looking at.

Yogesh Kirve: Okay and Sir finally the output deal so can you just explain what is the nature of these kind of deals, so profit margin is something which was raised?

Vikram Mehra: Typically, our output deals will be working in each of these movies are going to be costing in the range of 4 Crores and we will be working at an operating margin of 20 to 30%. The IP will stay with us.

Yogesh Kirve: Okay.

Moderator: Sorry to interrupt you Mr. Kirve. I will request you to come back in the question queue.

Yogesh Kirve: Sure.

Moderator: Thank you. The next question is from the line of Alisha Mahawla from Avendus Wealth. Please go ahead.

Alisha Mahawla: Can you share what is the average realization for Carvaan versus what it was in the last quarter or same quarter last year?

Vikram Mehra: Carvaan realization for full financial year is around Rs.3200.

Alisha Mahawla: Okay. This is for FY2019, okay and also Sir with respect to…

Vikram Mehra: Alisha just remember this is the combination of Carvaan and Carvaan Mini it is a combined realization that we are giving you.

Alisha Mahawla: I understood. Thanks Sir. The other thing I wanted to understand that with respect to Yoodlee Films, so if I see the revenue split that you give for TV and films I am assuming most of it will be for the movies?

Vikram Mehra: No. Most of them is for television.

Alisha Mahawla: Most of it is for television. Sir what I wanted to understand is that is the movie revenue going to be lumpy?

Vikram Mehra: Yes, see it will be in a way up till now it has been lumpy because it all depends on the particular quarter in which the deal gets closed, but the cost also is going to follow the revenue path only. So generally what has happened when we enter into contract for a movie we recognize the full contract value and we charge up the full movie in the same month?

Alisha Mahawla: The reason I am asking is like you were saying that the next movie which is like post production will come in October, so is it safe to assume that Q1 and Q2 will not see too much of revenue from the movie business?

Vikram Mehra: Let me not get in to that specific, the output deal is getting in action from November. There are other films that we are making. In 2018-2019 we did not make any movie under an output deal. We get the film and then we licensed out to Netflix and there will still be more movies coming in where we are going to follow a similar model.

Alisha Mahawla: Okay. Thank you so much Sir.

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

Aman Vij: The first question is on the growth on the You Tube segment for the year, if you can tell us and the remaining portion, so ex-publishing, ex-streaming, ex-You tube, what is the remaining portion for the overall year?

Vikram Mehra: I just mentioned, you mentioned three things of force in the society?

Aman Vij: Yes.

Vikram Mehra: Right which is the two societies that pay us money for the rights for which they collect and not get into the specific how much is what , but the lions money like in the music licensing is getting between streaming and publishing, the other two are relatively small, we have lot of hope from societies, they were in respective till about two years back, one of them got a registration from Government of India the registered society, Mr. Javed Akhtar is the Chairman of the board of that society and we are expecting the society to grow up substantially in the days to come under his leadership and I expect our revenues to grow. If it does not happen let me not project the number.

Aman Vij: Okay. Telecom for whole year is almost?

Vikram Mehra: Negligible now. Telecom is completely going away. The caller ring back tone business is almost dying at the stage. So we have some numbers, but there are literally single digits.

Aman Vij: Sure and the second question is basically two parts someone was asking you that question, what is the advance normally you get per deal or per movie?

Vikram Mehra: See again we are not going into specific financial deals and output deals, there is no movie we released under output till now, 2018-2019 were all films that we made and then licensed out. In that case there is no advance. We make the film, we then go back and licensed it at a price that make sense to us and we are able to retain the IP. Under the output deals there is an ex-percentage of the final committed amount, these guys end up paying us, but while we people are calculating the profitability of the film we are considering the cost of capital. The cost of capital is the money which is stuck, the cost of the film minus the advance that we people have got, so it is not very high.

Aman Vij: On the acquisitions part, you talked about music acquisition has target for three years is 200 Crores and movies you have talked about 40 to 50 Crores per year, so that amounts to like 300 to 350 Crores, while our operations might be able to generate around 200?

Vikram Mehra: I understand the music part, where did you get the movie 40 to 50 Crores?

Aman Vij: The cost of making say 12 movies.

Vikram Mehra: But they are paying us immediately. As you come closer with the cost immediately you get paid full money by them. It is fund for itself. The working capital that the movie business is taking is negligible.

Aman Vij: Okay. So overall capex will be around 200?

Vikram Mehra: If you consider that as capex for a music business yes that is only form of capex we have. It is 200 Crores over three years.

Aman Vij: Okay. Thank you.

Moderator: Thank you very much. The next question is from the line of Aakash Manghani from BOI AXA Mutual Fund. Please go ahead.

Aakash Manghani: How do you plan to fund the capex for this 200 Crores movie acquisition cost. With this year, cash flow seems to be negligible in fact negative, so as you grow in the existing business the required working capital obviously will go up, so how do you fund this?

Vineet Garg: No. This year cash flow, it looks negative, it is not actually positive when you start the business initially you will have some amount of – you need to pump money more in working capital, as the business get matured and processes get settle down that keep reducing so we are not expecting working capital to grow at the rate doing currently that is one and second my profitability projection is much higher in compare to the current one. So this going to be completely funded internally for internal accruals. There is no plan to borrow money and invest in movies under any circumstances.

Vikram Mehra: This is a comfort I can give you, we have plans for Rs 200 Crores as Vineet said with the assumption of profitability. Therefore, whatever profitability targets we are not able to meet, we will reduce the investments in the films. That is a call you can take literally every day and say no more future films music.

Aakash Manghani: How does one come up with analysis of what sort of IRR can you make on this 200 Crores investment or what is the payback that you can generate, you are acquiring music after very, very long period of time, so what is the math that goes behind?

Vikram Mehra: We have internally gone back and said that our films for music that we acquire gives us an advantage, which is direct in terms of money that you can make out of number of streams, You Tube views, caller ring back tones or the music with your licensing of that to various music channels, then it gives you advantages on societies may – the public performances that keep on adding at all.

Aakash Manghani: No. I know all the revenue streams, but today if you are putting money upfront thus you spent 100 Crores this financial year, what is the revenue over the next five, six, seven years or whatever timeframe you have in mind that you can accrue out of this capex when there will be some calculations that goes behind?

Vikram Mehra: Yes, I am telling on the basis on the various portions that we have, we have gone back and put numbers. When we started the first set of films, which are very, very small films, we are using the actual data, which is coming out on our assumptions. We start acquiring new films two years back, but our budgets were negligible at that time, which allowed us to check whether assumptions are in order or not. First year, much of the cost of the film should get recovered out of society, out of radio, out of caller ring back tone, out of streaming. Under assumptions we are getting movie after movie to see whether we are going right or wrong. As I said yes there will be big hit movies that may come in terms of music and there may also be a real flop. As a new film music catalogue, adding payback period less than five years is making sense for us.

Aakash Manghani: Okay that is what I am looking for, okay. Thanks.

Moderator: Thank you very much. The next question is from the line of Ravi Kumar, an Individual Investor. Please go ahead.

Ravi Kumar: I would like to know in terms of volume, which one is selling more Carvaan Mini or Carvaan?

Vikram Mehra: Sir I will not get into that side now. They are different. One is the gifting product for 5000 songs and the other is much cheaper product working more on the thematic side, devotional music, Rabindra Sangeet, Gurbani two different markets.

Ravi Kumar: My second question is what is the share value of the investments we have in group companies?

Vikram Mehra: These are actually Ind-AS account, so every reporting period.

Ravi Kumar: Approximate.

Vikram Mehra: This is the current fair value.

Ravi Kumar: Approximately how much it will be?

Vikram Mehra: If you see my balance sheet, I have investment of 121 Crores.

Ravi Kumar: Thank you. My last question is being you looking at picking over catalogue from other companies in the sense say for example some music company want to sell out their catalogue, is there any opportunities are you looking at?

Vikram Mehra: Yes. We are always looking at if it is making financial sense to take somebody else's catalogue we are always open to the idea.

Ravi Kumar: Are there any available in the market in the sense are you get any feel of like that?

Vikram Mehra: There are these labels which do not know how to go back and monetize and our Carvaan are in a very good position to monetize music because we are not only dependent on digital streaming, we also have own product to monetize. So yes we are looking at, if anything decent falls in place at the right pricing.

Ravi Kumar: Okay. Are any companies approaching us for monetizing their catalogue in Carvaan?

Vikram Mehra: **C**ompanies have come in but we have to work in line that Saregama should be paying them something to ensure their content. we are completely flatly saying no. At this moment, Carvaan is a product, which is positioned for the 20th century music or practically everything that era.

Ravi Kumar: Why I am asking this question is in between we do not have our own content in the latest music, we have old catalogue in between lot of new music and lot of very good music is there, which is not in our catalogue, so if you can tackle it in Carvaan?

Vikram Mehra: Philosophically I am with you, but I can tell you this Carvaan is not about new music. The music of Total Dhamaal and Ek Ladki Ko Dekha has done extremely well, but we are not putting that a part of Carvaan. Targeted at 5 plus people who want to listen to music, which has got nostalgia value attached to it in a lean back fashion.

Ravi Kumar: Okay. Thank you. All the best.

Moderator: Thank you very much. Ladies and gentlemen due to time constraint we will take the last question from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta: Sure Sir. I just wanted to know about the renegotiation of license and deals, which happened for our company, so you said that because of acquiring a new music we have got some more bargaining power to renegotiate our own contract as well, so if you can Vikram elaborate a bit on that?

Vikram Mehra: we have taken a conscious call that all our licensing contracts are now maximum duration of two years, this has a position that at the end of second year now we can go back and ask for increment, which is in sync with the new film music that will be taking. Earlier when we were a catalogue company did not matter whether we do a two-year deal or a three-year deal, because it is not that the deal was getting renewed and we are getting a massive hike. Now you know that every year the new count in catalogue grow sustainably. If you do two year deals and everytime the second year, two years getting over, that is the time we use the new content as the hope for negotiation.

Ankit Gupta: Sure. Sir basically as you are binding the new content with the old content we have?

Vikram Mehra: That is a catalogue. That takes some old catalogue also per se higher because any other company which buys new film music will not be in a position to negotiate with a platform as good as we can do because we combined a new film music with Kishore Kumar's music and then we go back and start negotiating.

Ankit Gupta: Okay and Vikram just one clarification last year there was not much growth on the licensing fees was it because of in FY2018 versus FY2017 I am talking about, was it on account of the fall out of the telecom revenues?

Vikram Mehra: Yes. You are right. So the biggest issue now, the telecom effect is slowly going away. At one-time telecom was about 40% of overall licensing revenue. Second we were able to renegotiate at a far better level in some of the deals that came for up renewal this year because we got into new film music for the first time with some bigger titles like Total Dhamaal and Ek Ladki Ko Dekha It is a combination of the two. My projection will continue being in the space of 25% and not 33%, which we have done this year.

Ankit Gupta: Okay and one question on the balance sheet side, on other current asset we have seen a sharp jump from 30 Crores to almost 90 Crores, so any breakup of that does it include the insurance payment which was pending and you got relieved?

Vikram Mehra: Yes. It is right. It is basically the insurance claim.

Ankit Gupta: Okay and just last question Vikram, any borrowing numbers that we are kept in mind that not go beyond this number on the borrowing side that is why the Carvaan growing, the major content going up, film production going up, so any ballpark figure or assuming that we are kept on the borrowing?

Vikram Mehra: In principle, we wanted to be a debt free company this is the cash credit limit only I have to make the availability or the cash mismatch, nothing else, so there is no term loan, this primarily because of the insurance claim. The money is realized and is paid as well. So where you see the next set of balance sheet, you will see the debt will go down and the sufficient amount is going to be fluctuating on day to day basis.

Ankit Gupta: Okay. Thank you so much.

Moderator: Thank you very much. I will now hand the conference over to the management for closing comments.

Vikram Mehra: Thank you guys. A good year that we people just completed and we are even more bullish about 2019-2020. The focus for Carvaan is going to be to take it more and more to the Tier-B and Tier-C towns. Currently, the awareness level of Carvaan is very, very low in those markets. We will be going out there and ensuring that more awareness getting created. We should allow us to grow the Carvaan numbers substantially. Our projection for the next three years combined all Carvaan knowledge variants is 5 million units incremental, I am not including the numbers that we have done. This is 2019-2020, 2020-2021, 2021-2022. These three years cumulative 5 million units across various variants of Carvaan for the specific financial year 2019-2020, we are looking at 1.2 million units of Carvaan. So 33% growth is what we people are aiming at for Carvaan in this financial year. Margins we will go back at this juncture; our focus will be 25% only of gross margins going to be there. On the licensing side we see us growing the number by around 25% plus minus 1 or 2%, we will be going in investing a new film music on Hindi, Tamil primarily, our budget approximately what we are looking is around 200 Crores for three years in terms of commitments, but this is completely linked to the fact that that we are able to achieve the revenue targets we are taking for ourselves. We are not going to get into any long term commitments here. All these deals have movie by movie deal. You see your last quarter's numbers, see which was revenues are moving and then take a call to you, you want to buy a more film music or not. The film business, the Yoodlee Film business is looking quite stable at this moment. At one juncture, it was being treated as a high risk business it may become the most stable business that we have in the gain because majority of the movie that are going to made only against output deals, that means a revenue is assured, we are looking at a 20% to 30% margin, 2019-2020 will go out there to build reputation out there, so 2018-2019 was about make your name and do not lose money. 2019-2020 is expand make your name and start making some amount of money, the moment comes at 2020-2021 odd that is the time we will have a library of some 30, 40 films sitting out there with us. That is the time we will be able to negotiate far better.

My closing comments will be being the overall game plan that we have for Saregama as a company what is unique about Saregama: There are four -five trends happening in the market, number of smart phones are going up substantially, the data is becoming less than three bugs a gig, lot of people is spending time commuting to office and that time is going up. At home you see that one spouse is there on television other spouse is on their device, Children are on their own devices. We see in the days to come as piracy also starts coming down more and more people will consume audio video content. Music or video and they will consume this through legitimate needs with the access becoming that much cheaper and the quality becoming that much better and pricing being low, piracy is bound to come down, we are already seeing 10% reduction in government released piracy numbers. We see that premium content owner will be in a very good position to monetize this growing boom of entertainment consumption happening on smart devices. Saregama which has existing catalogue of 1.2 lakh songs across 18 different languages, we own literally that entire golden era of Indian music plus we are ready to back and invest over 200 Crores over the next three years in a judicious fashion to keep on cementing a position in the new film music catalogue also by that time hopefully 50 films of us being in place and overall 6000, 7000 hours of Tamil serial content. We will be in a substantial position to keep on improving our negotiation provision across all platforms. We will continue with a conscious call that we have taken that Saregama will remain a pure play content company. We are not into the platform business. We will license our content to every platform and get the best part of monetization for the IP that we own. That will be all guys. Thanks a lot. Thank you.

Moderator: Thank you very much. On behalf of Anand Rathi Share and Stock Brokers Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.