

SAREGAMA INDIA LIMITED

Q2-FY18 EARNINGS PRESENTATION





THE PERFECT GIFT FOR YOUR LOVED ONES



Snapshot



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, 5,400 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

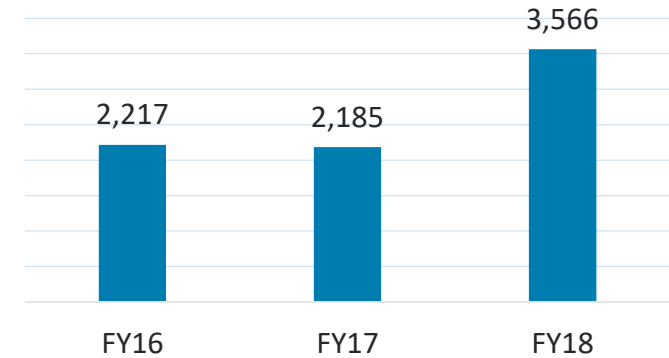


Producing digital thematic films targeted at the youth segment

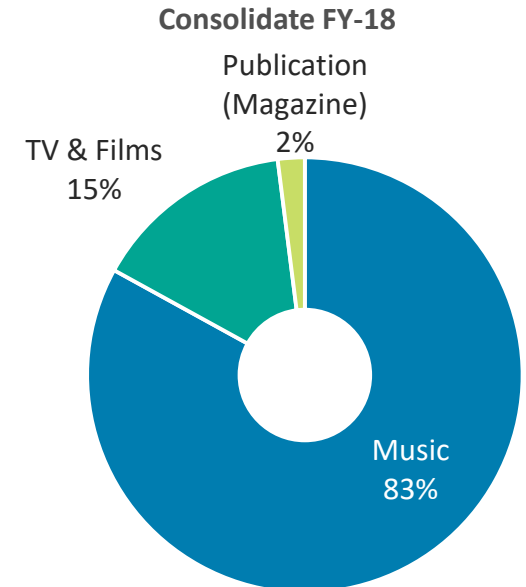
Company Overview

- 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 positioned as writers studio. The films produced by the studio are driven by the powerful stories targeted at young audiences across the world who primarily consume content on personal devices
- 5,400+ hours of Tamil serial programming telecast on Sun TV and features in top 3 slots of afternoon prime time.

Consolidated Revenues (INR Mn)



Segmental Revenue Breakup-



Strategic Overview

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

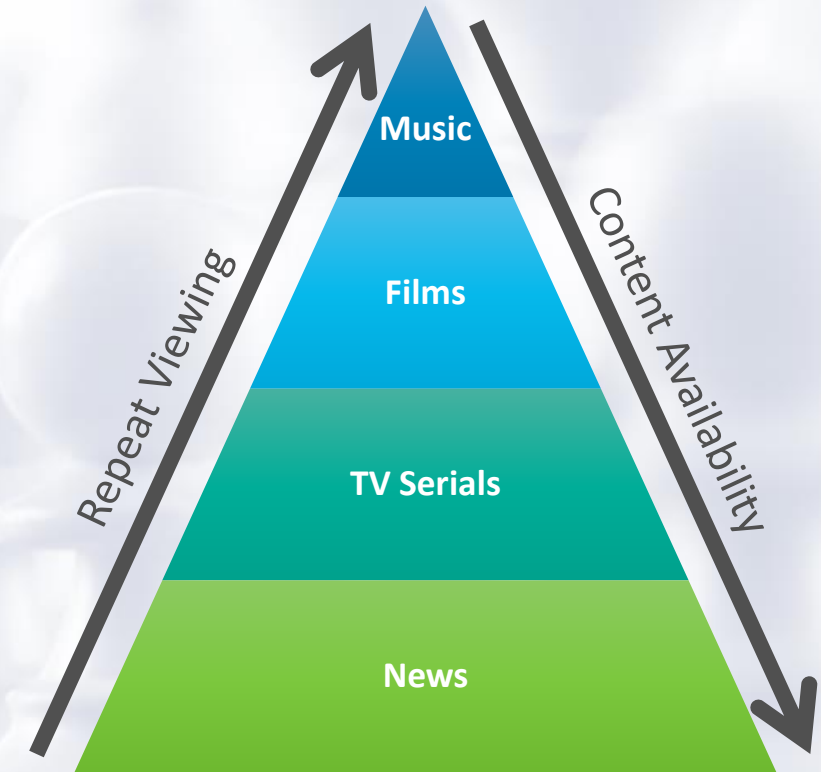
IP Monetisation

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 platforms
- 3 TV programs in South Indian languages



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

FY18 Revenue Share

83%

- 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

FY18 Revenue Share

15%

- 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 5,400 hours of Tamil Series
- Yoodlee Films is the production division which focuses on thematic digital films in all languages with tightly controlled budgets

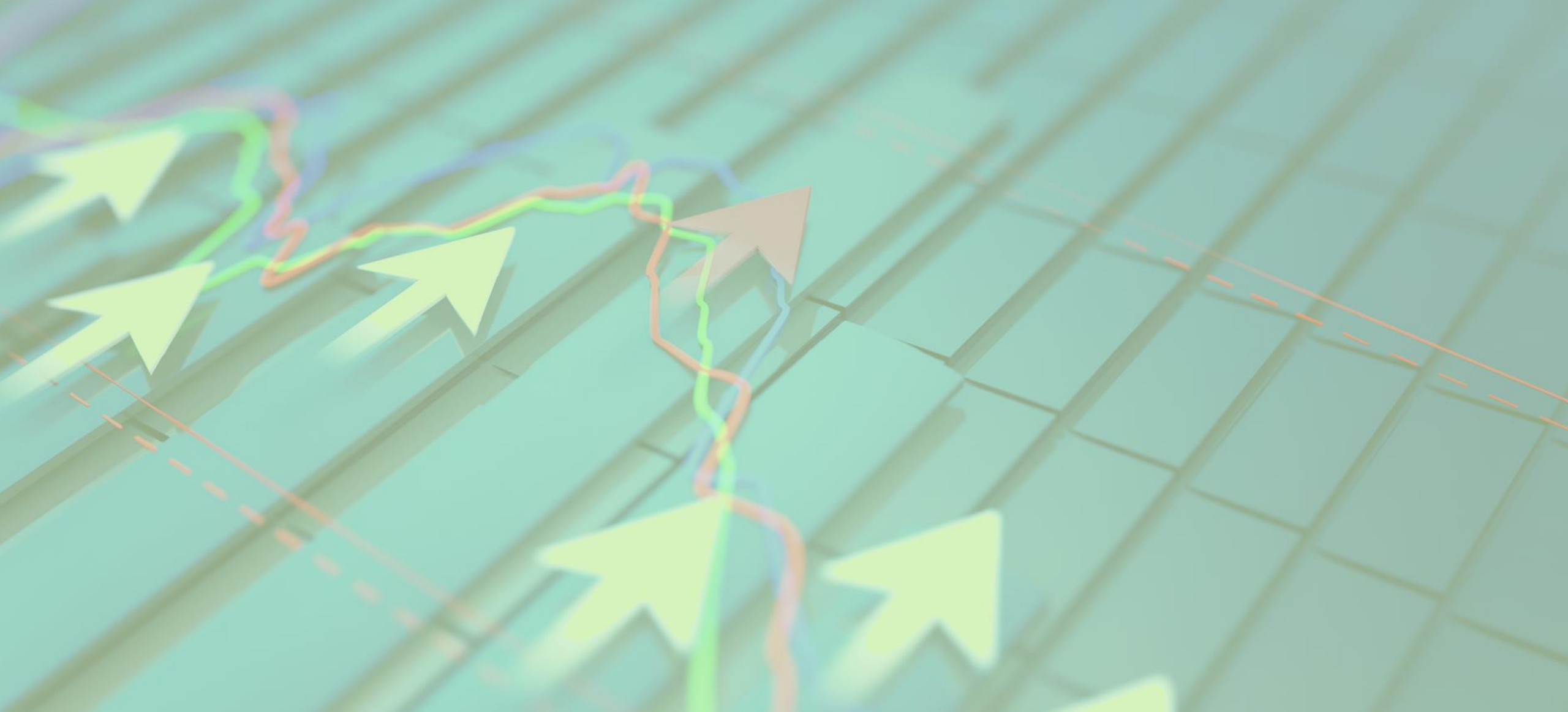


Publications Segment

FY18 Revenue Share

2%

- 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.



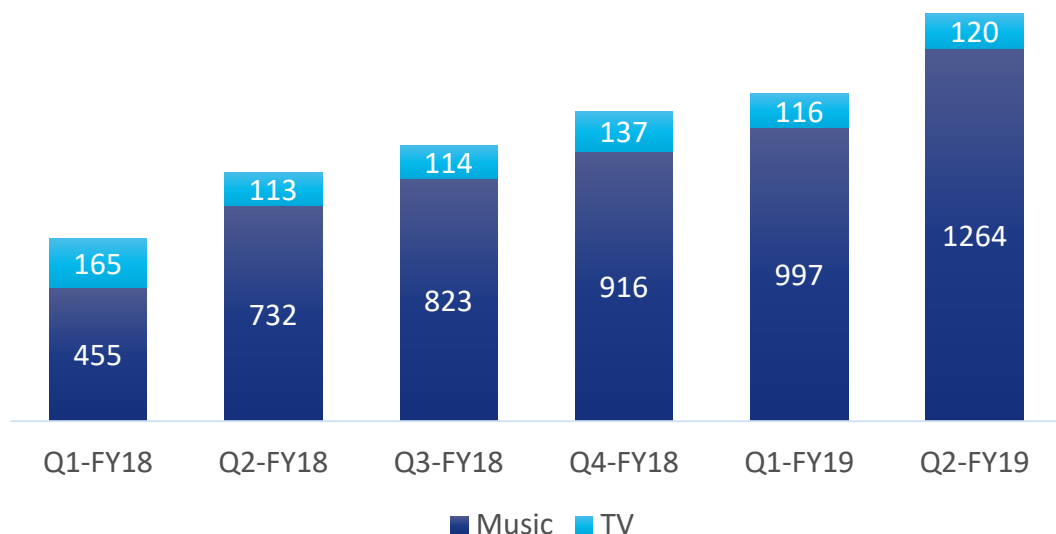
Financial Highlights

Financial Summary

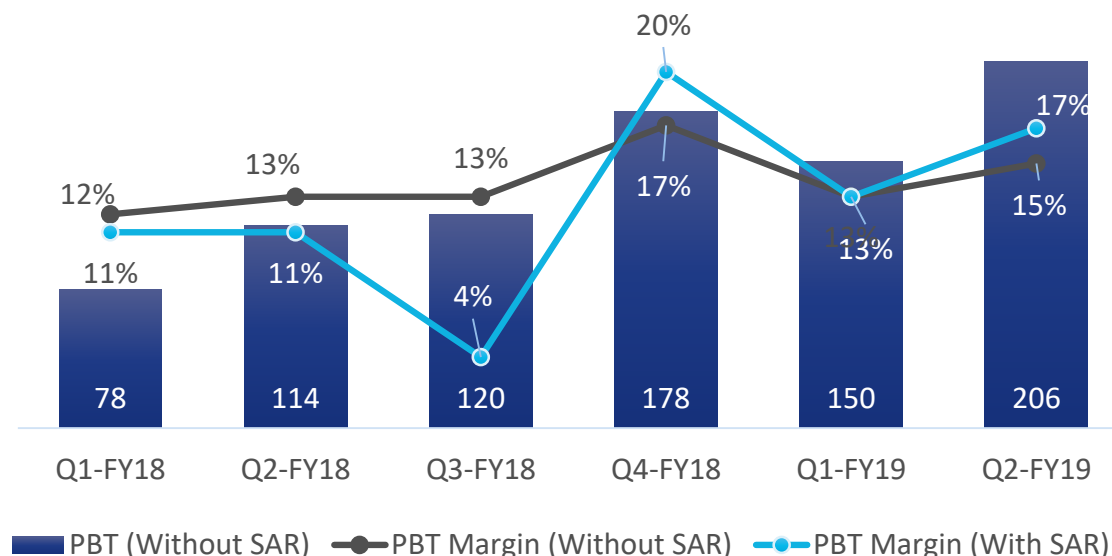


Particulars (INR Mn)	Q2-FY19	Q1-FY 19*	Q-o-Q Growth	Q2-FY18	Y-o-Y Growth
Revenues					
• Music	1264	997	27%	732	73%
• TV & Films	120	116	4%	113	6%
Total Revenue from Operations	1384	1113	24%	845	64%
PBT without SAR Provision	206	144	43%	114	81%
PBT after SAR Provision	233	138	69%	90	159%
PAT	150	87	72%	45	233%

Revenue (INR Mn)



PBT (INR Mn) & PBT Margin



* In Q1 FY19 Other Income includes Rs.340 Mn estimated Insurance claim receivable & Total Expense includes Rs. 376 Mn towards cost of damaged stocks because of fire in the warehouse

Financial Performance - Quarter



Particulars (INR Mn)	Q2-FY19	Q1-FY19	Q-o-Q Growth	Q2-FY18	Y-o-Y Growth
Revenue from Operations	1384	1113	24%	845	64%
Other Income*	23	431	-95%	33	-30%
Total Revenue	1407	1544	-9%	878	60%
Total Expenses*	1175	1376	-15%	746	58%
EBITDA without SAR	232	168	38%	132	76%
<i>EBITDA Margin (%)</i>	17%	15%		16%	
Depreciation	9	9	0%	10	-10%
Finance Cost	17	15	13%	8	113%
PBT without SAR	206	144	43%	114	81%
SAR Charge	-27	5	69%	24	159%
PBT with SAR	233	138		90	
Tax	83	52	60%	46	80%
PAT	150	87	58%	44	233%
<i>PAT Margin (%)</i>	11%	8%		5%	
Other Comprehensive Income	-99	-59		130	-176%
Total Profit including Comprehensive Income(Net of tax)	51	28	82%	174	-71%
Diluted EPS (In Rs.)	8.58	4.93	74%	2.56	235%

* In Q1 FY19 Other Income includes Rs.340 Mn estimated Insurance claim receivable & Total Expense includes Rs. 376 Mn towards cost of damaged stocks because of fire in the warehouse

Financial Performance – Half Year



Particulars (INR Mn)	H1-FY19	H1-FY18	Y-o-Y Growth
Revenue from Operations	2497	1465	70%
Other Income	454	53	757%
Total Revenue	2951	1518	94%
Total Expenses	2552	1293	97%
EBITDA without SAR	399	225	77%
<i>EBITDA Margin (%)</i>	16%	15%	
Depreciation	17	19	-11%
Finance Cost	32	15	113%
PBT without SAR	350	191	83%
SAR Charge	-21	33	
PBT with SAR	371	158	134%
Tax	136	80	70%
PAT	235	78	201%
<i>PAT Margin (%)</i>	9%	5%	
Other Comprehensive Income	-159	159	-200%
Total Profit including Comprehensive Income(Net of tax)	76	237	-68%
Diluted EPS (In Rs.)	13.51	4.46	203%

* In Q1 FY19 Other Income includes Rs.340 Mn estimated Insurance claim receivable & Total Expense includes Rs. 376 Mn towards cost of damaged stocks because of fire in the warehouse

Balance Sheet



Equity and Liabilities (INR Mn)	As at 30-Sep-2018 (Unaudited)	As at 31-Mar-2018 (Audited)
Shareholders Fund		
(a) Equity Share Capital	174	174
(b) Other Equity	3662	3647
Net worth	3836	3821
(c) Non Controlling Interest		
Non Current Liabilities		
(a) Employee Benefit Obligations	21	21
(b) Deferred tax liabilities (Net)	459	456
Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	459	129
(ii) Trade Payables	449	386
(iii) Other Financial Liabilities	487	347
(b) Other Current Liabilities	183	116
(c) Provisions	387	359
(d) Employee Benefit Obligation	5	7
Total	6286	5642

Assets (INR Mn)	As at 30-Sep-2018 (Unaudited)	As at 31-Mar-2018 (Audited)
Non Current Fixed Assets		
(a) Property, Plant and Equipment	2058	1881
(b) Investment Properties	24	24
(c) Intangible assets	60	61
(d) Investments in subsidiaries and Joint Venture	155	155
(e) Financial Assets		
(i) Investments	1051	1234
(ii) Loans	39	34
(f) Other Non Current Assets	21	111
Current Assets		
(a) Inventories	667	473
(b) Financial Assets		
(i) Trade Receivables	1156	781
(ii) Cash and cash equivalents	20	64
(iii) Bank Balances other than above	17	16
(iv) Loans	6	5
(v) Other Financial Assets	1	1
(c) Current Tax Assets-(net)	299	414
(d) Other Current Assets	713	388
Total	6286	5642



FY19 Operational Highlights

Music Segment Operational Highlights

Q2-FY19 Operational Highlights:

Carvaan growth story continues with **229K** units sold in Q2-FY19 a jump of 40% over previous quarter.

SAREGAMA
CARVAAN™



3K new billing dealers added in Q2
total **15.5K** dealers.

Gross margin maintained at
23% inspite of dollar strengthening

Carvaan Premium (Companion app, AM Radio) @7390 and Carvaan Mini2.0 @2490 launched.

Future Outlook:

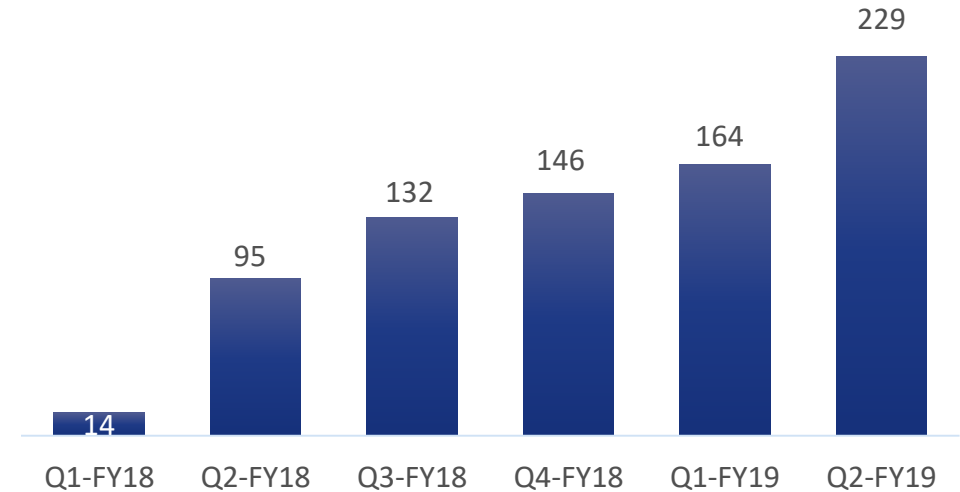
Carvaan Gold launch in Oct'18. Priced INR 14,990

Carvaan & variants Annual Sales Estimates : **750k** units

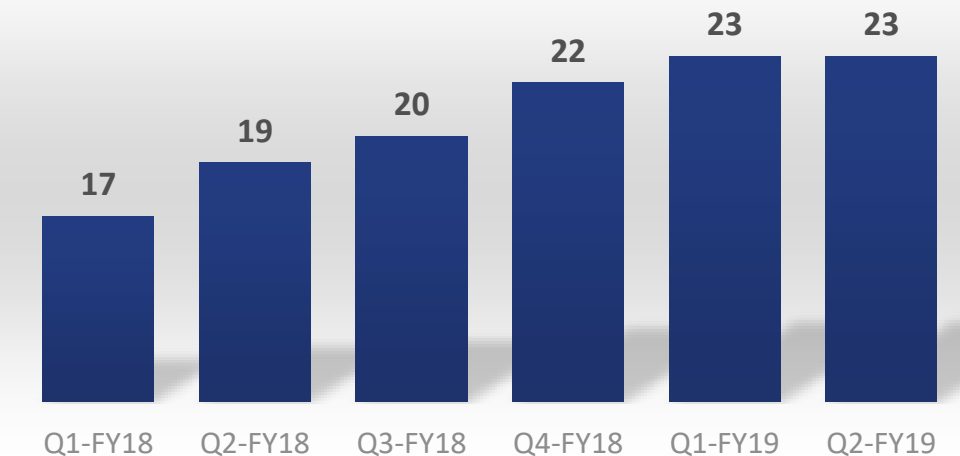
Big marketing push to continue during the year

Gross Margin will grow through high volume of sales & cost leverage

Carvaan Sales (units '000s)



Carvaan Gross Margin (%)



Music Segment Operational Highlights

Q2-FY19 Operational Highlights:

28% YoY in B2B Revenues

Fueled by growing market share in OTT business, impact of new movie song releases and higher publishing deal renewals

Newly constituted Publishing society IPRS issued its first license

New film music acquired

Sahib Biwi Gangster3	Yamla Pagla Deewana Phir Se	Thadam	Vandi	Marinthirunthu Paarkum Marmam Enna
Peranbu	Ratsasa	Aan Dhevathai	Maaniik	

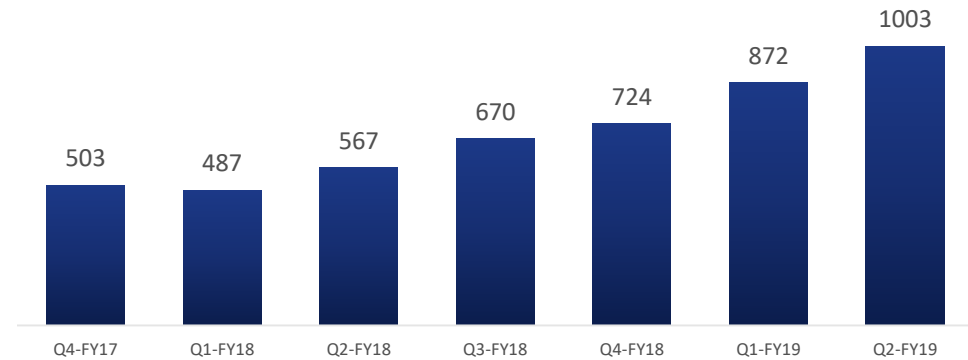
Future Outlook:

OTT will continue double digit growth while Telecom will continue to decline

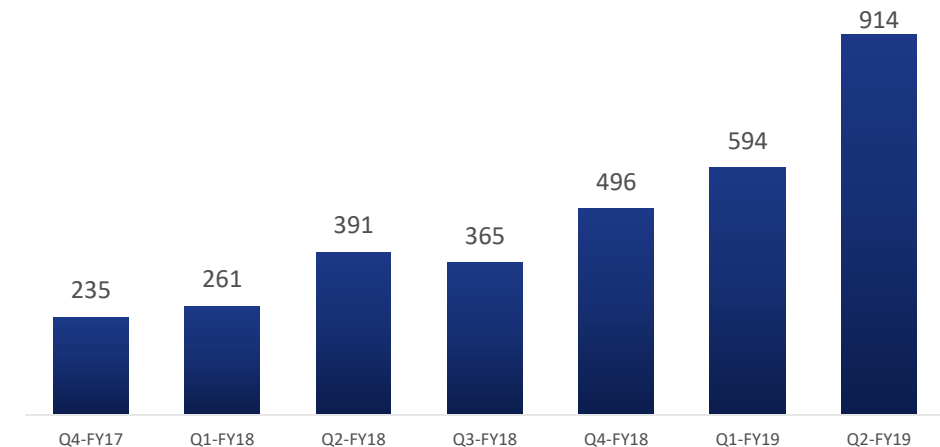
Acquisition of new music content will start helping publishing business to grow further

Collection societies (IPRS, PPL) has lot of headroom

Number of OTT Streams (Mn)



Youtube View (Mn)



Films & TV Segment Operational Highlights

Q2-FY19 Operational Highlights:

Films (Yoodlee)

- Brij Mohan Amar Rahein:
 - Released as a Netflix original film
- **Kuchh Bheege Alfaaz:**
 - Released on Netflix to widespread acclaim
 - Wins Audience award at Jagran Film festival
- **Music Teacher:**
 - World Premiere at Chicago Asian film festival
 - Also showcased at Houston Film Festival.
 - Heroine Amrita Bagchi wins award

Television Business

- New show Roja becomes top rated show in the afternoon band
- Valli is in its 6th year of telecast and is the longest running serial on Sun TV
- Jo Jo Laali (Kannada show) completed 400 episodes

Future Outlook:

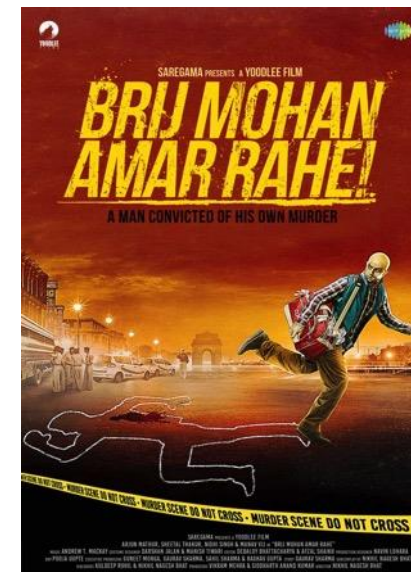
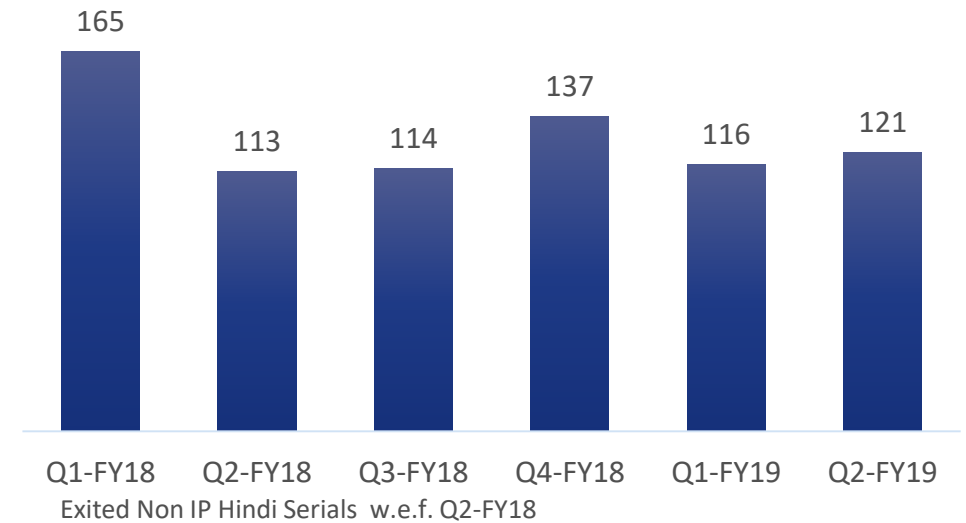
Films (Yoodlee)

- "Music Teacher" to get digital premier. Deal to be effective in Q3
- Output deal with a leading player on the cards
- Greater interest from new buyers as first few movies get sold.

Television Business

- South TV: Liquidation of banked inventory over next 2 quarters

Films & TV Segment Revenue (Rs Mn)





FINANCIAL OVERVIEW

Standalone Income Statement

Particulars (INR Mn)	FY16	FY17	FY18
Revenue from Operations	2,148	2,081	3,456
Other Income	99	159	142
Total Revenue	2,247	2,240	3,598
Total Expenses	1,997	2,003	3,115
EBITDA	250	237	483
<i>EBITDA Margin (%)</i>	<i>11.13%</i>	<i>10.58%</i>	<i>13.42%</i>
Depreciation	53	41	38
Finance Cost	3	23	34
PBT	194	173	411
Exceptional Items	96	-	-
Tax	22	73	106
PAT	76	100	305
PAT Margins	3.38%	4.46%	8.48%
Other Comprehensive Income	-	1,301	136
<i>Total Comprehensive Income (After Tax)</i>	<i>76</i>	<i>1,401</i>	<i>441</i>
Diluted EPS (INR)	4.33	5.74	17.51

Standalone Balance Sheet

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

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

Consolidated Income Statement



Particulars (INR Mn)	FY16	FY17	FY18
Revenue from Operations	2,217	2,185	3,566
Other Income	122	133	102
Total Revenue	2,339	2,318	3,668
Total Expenses	2,073	2,091	3,203
EBITDA	266	227	465
<i>EBITDA Margin (%)</i>	<i>11.37%</i>	<i>9.79%</i>	<i>12.68%</i>
Depreciation	54	44	42
Finance Cost	5	24	34
PBT	207	159	389
Exceptional Items	116	-	-
Tax	22	73	106
PAT	69	86	283
PAT Margins	2.95%	3.71%	7.72%
Other Comprehensive Income	-	1,402	164
Total Comprehensive Income (After Tax)	69	1,488	447
Diluted EPS (INR)	3.92	4.96	16.24

Consolidated Balance Sheet

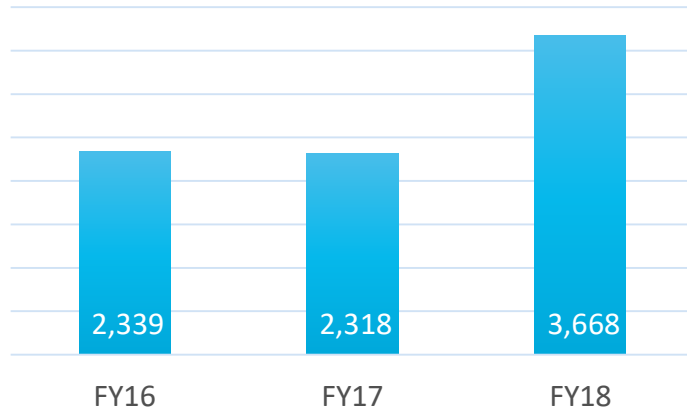


Equity and Liabilities (INR Mn)	FY17	FY18
Shareholders Fund		
(a) Equity Share Capital	174	174
(b) Other Equity	3,223	3,643
Net worth	3,397	3,817
(c) Non Controlling Interest	25	23
Non Current Liabilities		
(a) Employee Benefit Obligations	22	24
(b) Deferred tax liabilities (Net)	444	479
Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	30	159
(ii) Trade Payables	384	404
(iii) Other Financial Liabilities	125	360
(b) Other Current Liabilities	91	149
(c) Provisions	263	361
(d) Employee Benefit Obligation	16	8
Total	4,797	5,784

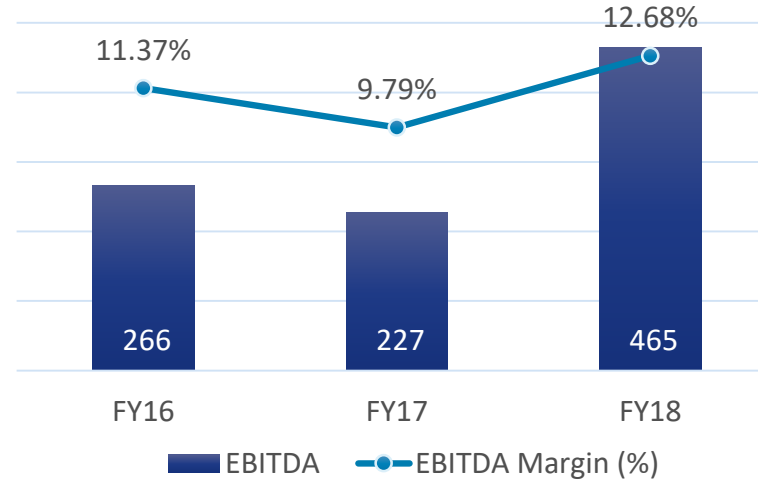
Assets (INR Mn)	FY17	FY18
Non Current Fixed Assets		
(a) Property, Plant and Equipment	1,897	1,884
(b) Investment Properties	25	24
(c) Intangible assets	67	65
(d) Investments in subsidiaries and Joint Venture	-	-
(e) Financial Assets		
(i) Investments	1,316	1,510
(ii) Loans	47	40
(iii) Other Financial Assets	-	-
(f) Other Non Current Assets	20	112
Current Assets		
(a) Inventories	103	493
(b) Financial Assets		
(i) Trade Receivables	523	730
(ii) Cash and cash equivalents	190	92
(iii) Bank Balances other than (ii) above	1	16
(iv) Loans	27	2
(v) Other Financial Assets	-	1
(c) Current Tax Assets (Net)	419	423
(d) Other Current Assets	162	392
Total	4,797	5,784

Financial Charts (Consolidated)

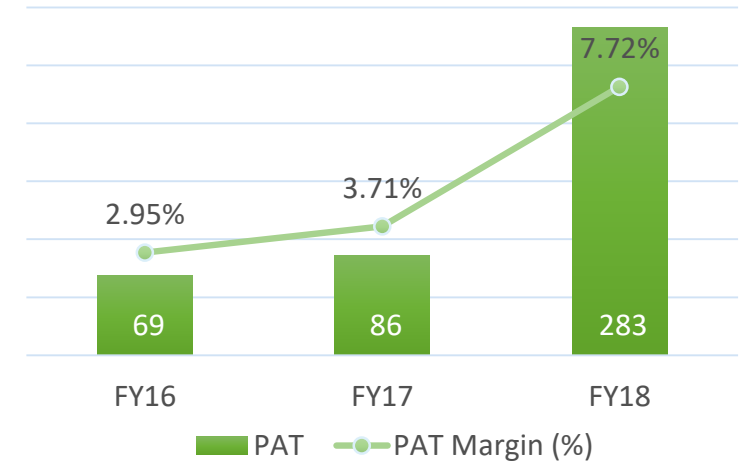
Total Revenue (INR Mn)



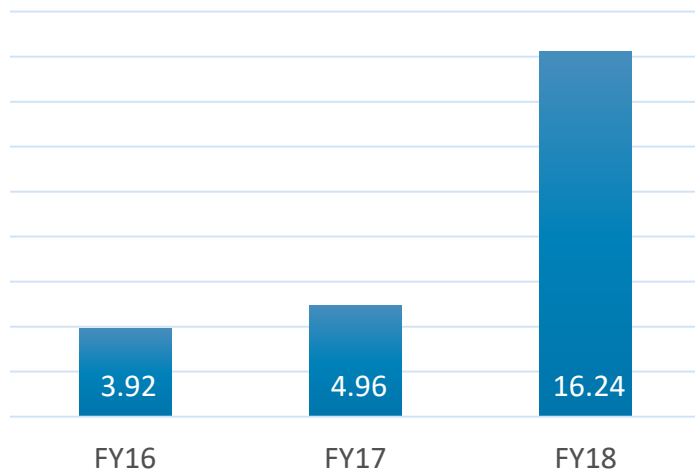
EBITDA and EBITDA Margin (%)



PAT and PAT Margin (%)



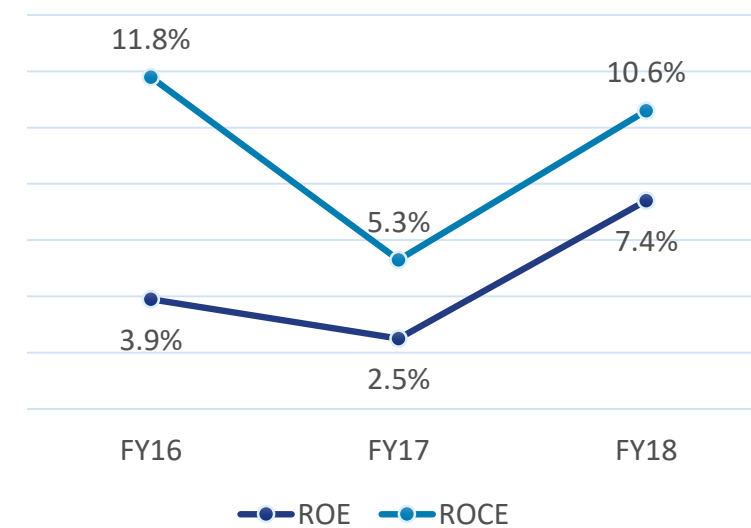
Diluted EPS



Net Debt to Equity



ROE and ROCE



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