

Date: 14th February, 2025

The Manager,
Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, C-1,
Block G, Bandra – Kurla Complex,
Bandra (East), Mumbai – 400 051

The General Manager,
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Symbol: SAREGAMA

Scrip Code: 532163

Sub: Q3FY25 Earning Conference Call-Transcript

Dear Sir/Madam,

In continuation to our letter dated 5th February, 2025 and pursuant to Regulation 30 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') as amended, please find enclosed the transcript of the Q3FY25 Results Conference Call with Analysts held on Monday, 10th February, 2025 for the quarter and nine months ended on 31st December, 2024.

This information is available on the website of the Company www.saregama.com.

You are requested to kindly take the aforementioned on record.

Yours faithfully,

For **SAREGAMA INDIA LIMITED**

Priyanka Motwani
Company Secretary and Compliance Officer

Encl: As above



“Saregama India Limited Q3 FY ’25 Earnings Conference
Call”

February 10, 2025



MANAGEMENT: **MR. VIKRAM MEHRA – MANAGING DIRECTOR**
MR. PANKAJ CHATURVEDI – CHIEF FINANCIAL OFFICER
MR. SAKET SAH – GROUP HEAD, INVESTOR RELATIONS AND
ESG REPORTING
MR. PANKAJ KEDIA – VICE PRESIDENT, INVESTOR
RELATIONS

MODERATOR: **MR. PULKIT CHAWLA – EMKAY GLOBAL FINANCIAL**
SERVICES



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Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY '25 Results Conference Call of Saregama India Limited, hosted by Emkay Global Financial Services.

As a reminder, all participants' 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. Pulkit Chawla from Emkay Global Financial Services. Thank you, and over to you, sir.

Pulkit Chawla: Thank you, and a very good evening. And welcome to the Q3 FY '25 Earnings Conference for Saregama India Limited.

From the management, we have with us today, Mr. Vikram Mehra – Managing Director; Mr. Pankaj Chaturvedi – CFO; Mr. Saket Sah – Group Head, Investor Relations and ESG Reporting; and Mr. Pankaj Kedia – Vice President, Investor Relations.

Without any delay, I will now hand over the call to the Management for their “Opening Remarks”. Over to you, Vikram.

Vikram Mehra: Thank you and a very good evening to everyone.

This quarter saw operating revenues of INR. 483 crores and a PBT of INR 84 crores. Our revenue has seen substantial growth faster than our guidance of 30% revenue increase for FY '25.

Our adjusted EBITDA increased by 25% on a Y-o-Y basis. Our disproportionate 58% of this quarter's revenue has come through events, which, as I have said in the past, is a low margin percentage business. To put it in perspective, INR. 279 crores came from live events with INR. 22 crores profit. This disproportionate share of live events has resulted in adjusted EBITDA falling to 21%. If for a moment we exclude events, then our adjusted EBITDA is maintained at a healthy 40%. Although this quarter has been very good, I still request all of you to evaluate us only on a rolling 12-month basis and not on one quarter's performance.

Let me start as always with the music business, which comprises of licensing and artist management. It grew by close to 20% on a year-on-year basis. Our revenues from YouTube maintained their growth trajectory. Audio streaming moved another step closer to the goal of going fully behind a paid subscription wall. One of the remaining three audio platforms offering free service, Airtel Wynk, has decided to shut business during this quarter. This leaves only two players in the market now with free offerings, and we are hopeful that they will also turn pay over the next four to five quarters. Because of the shutting down of Wynk, there will be short-



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term pain, but we believe that the closure of their free service is good for the industry in the long run, as it will further motivate the remaining two guys to turn towards paid subscription.

Our publishing business - wherein we give rights of our songs to be used in various videos continues to grow handsomely. Every major web show released in Q3, starting from Fabulous Lives of Bollywood Wives, to Roshans, or big movies like Pushpa 2 and Shahid's Deva have one thing in common, they have licensed a Saregama song to be used for the show or the film. Brands like Air India, Urban Ladder, Mondelez also ended up licensing our songs for use in their advertising. Being aware of the power of our catalogue, we are constantly fine-tuning our approach in keeping our catalogue relevant and top of mind, which is done through dedicated marketing teams who work on the placement of these catalogue songs at high traction places.

We continue with our strategy of future-proofing our company by investing in new content. The nine months of this year have seen the most aggressive content release ever from Saregama. We released close to Rs. 235 crores worth of content which include content cost and relevant marketing over the nine months. Many of our albums that we release this financial year are charting at top positions across various languages. On a full year basis, we will be releasing content this year, costing us upwards of INR. 300 crores.

Our August release - Stree 2 - songs are still on top of every possible chart. They are still generating 10 million additional streams daily on YouTube and Spotify combined. If I look at cumulative numbers, the four songs of Stree 2 have generated 1.9 billion views on YouTube and 450 million streams on Spotify in just six months. Further, our Tamil album, Amaran, has turned out to be the biggest hit of the Tamil industry of the last calendar year. During Q3, we also ended up releasing music of other big films like Singham Return, Jigra and Kanguva.

Another big move from our side in the last quarter was that the Company forayed into the extremely popular space of hip-hop music. We tied up with MTV's Hustle Season 4 to acquire all the 130 songs that were produced in that season. We are also signing the winner of MTV Hustle 4 and all the major contestants as our exclusive artists. We will be creating more content with them and will also monetize these artists through live events. Please remember hip-hop is one of the fastest growing categories which is talking to the youth of the country, and it is not limited to any one language. They do very well in Hindi as well as Malayalam or Punjabi or even Bhojpuri.

One thing which we are consistently able to deliver is a better hit ratio compared to everybody else in the market, and we attribute this completely to our data-driven approach to music acquisition. Rather than relying on only the human ear, we rely on predictive models to help us decide what to pick up and how much money we should be ready to pay for that content.

Overall, during the quarter, we ended up releasing close to 1,200 original or premium recreations across Hindi, Bhojpuri, Gujarati, Punjabi, Tamil, Telugu, Malayalam, Marathi, and Bengali



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languages. So, what I said earlier, I would like to reiterate it. While we continue working on the original content, we have placed a lot of focus and emphasis within the company to keep our catalogue relevant. This means either placing them in high-profile events or doing recreations of that content to make them relevant for the younger people.

Our line-up for the next 12 months is all in place. We will have music from some of the biggest films of the year. This includes Maddock's Sky Force, which got released in the month of January, Maddock's next movie called Thama, Mammooty's Bazooka, Dharma's Sarzameen, Sanjay Leela Bhansali's Love and War etc.

As shared with you at the beginning of this financial year, the next three years, which include '25, '26, '27, will be the period of future-proofing our company by investing aggressively in newer content. This is also our endeavor to move from the number two position to the number one position that we enjoyed in the 20th century. To do this, we will buy big, but we will buy smart. This quarter, the charge-off on account of the new content was 29% higher than the same quarter last year. We are in a transitional state currently, where our new content expenses are going up in a step fashion, resulting in incremental revenue just about matching the content charge-off.

Over the period of the next four quarters, this will stabilize, with content investment going up linearly and not in a step fashion, resulting in additional revenue that will be generated by the content that we've invested in the first two years, exceeding the content charge-off that we may be taking right now from year three onwards. With all this investment in new content, we maintain our guidance of a five-year payback period, and then an additional 55 years to 75 years of returns coming from this content.

Artist management, the other vertical within music monetization, where artists are made popular through our IP releases, and then we monetize these artists by booking them for live events, weddings, and brand endorsements, from which Saregama gets a share. During this quarter, two big artists got added to our roster, Tony Kakkar with an 8 million follower base, and Rehaan Roy with a 6 million follower base. Overall, we now manage around 200 artists. As our investment in new content goes up, these artists are going to become bigger and bigger. On top of that, the phenomenon that digital advertising is growing upwards of 15%, we believe that this entire artist management piece, including influencer management, is going to become a huge beneficiary out of this.

You are finally seeing in this country that music-based artists are also becoming very sought-after brand ambassadors. There was a time that the most coveted brand ambassadors used to come only out of the film industry or cricket. Now you have the likes of Diljit Dosanjh, big music-based artists, which are getting very, very popular and coveted with the top brands of the country. Net-net, with a stated goal of acquiring 25% to 30% of all new music released in India,



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the music licensing vertical should double its revenue in the next three to three and a half years. And this entire content is going to be funded by our internal accruals and the QIP money.

Now let me shift to the video vertical, where we make films under the brand Yoodlee, digital series under the brand Dice Media, and short videos under the brand Filter Copy and Nutshell. The explosion in smartphone ownership and the cheap data are the biggest drivers of this vertical. It's common to see everybody from a 16-year-old boy or a girl at home to 40- or 50-year-olds who are waiting maybe at a restaurant or a taxi driver who's waiting for his next rental. If they have even two minutes of spare time, they are constantly glued onto the short-format apps and are consuming content that we people are putting out. We are still at the very early stages of building this entire video vertical of ours. Over the next five years, we expect it to grow at 25% CAGR.

As far as this quarter is concerned, it was a quieter quarter for us on the video front. While the TV serials continue to dominate on Sun TV, there were no movies that were released in this quarter. We had a branded web series called Arranged Patch-Up Season 2, which was done in partnership with Ikea and Peter England, which was released by Dice Media and it already generated over 25 million views. At the beginning of this quarter, we had one unsold movie lying on our balance sheet. Basis our conservative management position, we have decided to charge it off completely in this quarter. This is a non-cash expense. Future monetization, if any, that comes out of this movie is going to flow straight to the bottom line.

The game changer in this quarter was the live events business. In partnership with Diljit Dosanjh, we brought the Dil Luminati tour to India, which became the most successful tour of any artist ever in India. We had 14 shows in India, and I think our biggest show was in Abu Dhabi. In this quarter, we also did, two shows under Carvaan Live with Zeenat Aman and another two sold out shows with Viraj Ghelani.

As shared earlier, events business is a high revenue, low margin but a very high IRR business. So, in a quarter where there are lot of concerts, it may make our Adjusted EBITDA margin look low, but the fact is that the capital gets locked for very short durations in this business, thus resulting in high IRRs. Also, it has got a lot of strategic relevance to our overall music business. Quarter three actually saw this phenomenon playing out. While Diljit's India Tour's success may not get repeated every quarter or even in a year, the success of this tour clearly shows us the long term business potential of live events vertical. As disposable incomes in the country go up, the discretionary spends are going to increase.

And world over we have seen this phenomenon, this story playing out, that when discretionary spending go up, one of the biggest beneficiaries is experiential entertainment, whether it's live events or movies. We believe in this live events vertical a lot and we will continue to experiment and scale up this vertical. We believe this vertical to be one of the verticals of the future.



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We now move to Carvaan: The transition of Carvaan from retail stores to e-commerce continues. We have scaled down our product portfolio and the retail infrastructure. We are fairly confident that while the volumes and the top line may shrink, the profitability margins will start improving as we go from quarter-to-quarter. This quarter saw the retail revenue of Rs. 22 crores, which was a 39% drop over the last year.

Overall, the long-term strategy of diversifying from just being a music label to an overall entertainment IP company is paying off. It has not only reduced our over dependence on any one vertical, which may have its own swing, but has also allowed us to drive massive cost and revenue synergies between various verticals.

Between FY '25 to FY '27, we will be investing over INR 1,000 crores in new music content. Of this amount of INR 1,000 crores, content worth INR 500 crores has already been secured. This will contribute not only to the immediate growth of the company but also put the company on a long-term growth path. We are here not only to drive today's profitability, but more importantly, ensure that the profitability going forward gets secured.

We believe that our music vertical, comprising our licensing and artist management, will grow at 22% to 23% CAGR over medium term basis. There will be ups and downs, but a medium to long term projection of 20% to 23% stays. Overall, at the consolidated company level, we expect PBT to double over the next three to four years. Both the music and video verticals are going to contribute to this.

We maintain our annual adjusted EBITDA guidance of 32% to 33%, excluding any sudden highs in live events business if it happens. On an annual basis, our PBT will show modest growth compared to last year, but this is expected to be correct after another four quarters where PBT will also start growing rapidly in sync with the revenue growth.

Saregama's growth narrative will continue to be steady in the medium to long term, thanks to the overall increase in digital consumption, both in terms of new customers coming in and existing customers consuming that much more. I am very happy to share that the digital footprint of Saregama owned and controlled channels, which were under 300 million as of last quarter, have grown up to 324 million followers across YouTube, Instagram, and Facebook.

We are on a strong wicket. We are using and relying on data and technology to charter our way, and we are thinking long term. We will continue to focus on businesses which have got long-term IP value creation. And while doing this, we will keep an eye on short-term profitability too. Lastly, I am pleased to share that the Board has declared an interim dividend of Rs. 4.5 per share.

Thank you, and I am open to questions now.



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Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Harssh K Shah from Dalal & Broacha. Please go ahead.

Harrsh K. Shah: Yes. Thanks for the opportunity. A few questions from my side. So, firstly, if I dissect the revenue vertically, right? Sir, what I observe is that a pure music licensing revenue, so that is excluding Carvaan or the artist management has grown by just 12% on a year-on-year basis. So, considering the views that we have on YouTube and the plays on the OTT platform, doesn't this growth seem to be a tad lower? So, essentially, what I am trying to understand here is, is it a case where in the catalogue music is not growing so much, maybe in single digits? If you would help us understand.

Vikram Mehra: Your analysis is a little incorrect, because for some reason, you have decided to keep artist management out. Remember, what is artist management? What is music? There is film music. There is non-film music. In non-film music, we end up investing in artists to put the music out and make money by licensing these artists across to live events. So, doing an artificial division between licensing and artist management is a tad bit unfair. Therefore, you should see the numbers on a combined basis only. And the numbers are showing, right now, the 18% to 19% growth that we have in the music business of ours.

The other part you asked, has the catalogue number gone down? No, they have not gone down. Catalogue numbers are growing on a steady enough basis as we go forward. There will be quarterly pressures coming in if suddenly any platform decides, like what happened with Airtel Wynk, to shut shop. But that's a very short-term impact that starts affecting us. In the medium to long-run, we understand that shutting off one free platform results in either the free customer joining other platforms, becoming other platform's free customer, and the revenue goes up there, because all are minimum guarantee deals, or many of them will start moving towards a paid tier.

Harrsh K. Shah: Okay. So, if you could kind of call out approximately what rate is the catalogue music growing at?

Vikram Mehra: I will not be able to comment on that. We do not give that much amount of details because the big question also, after that you are going to ask me, how do you define catalogue music? Different people define catalogue music in a different fashion. Some define it as 15 months, some define it as five years, some define it as the way we used to define it at a time as before 2000.

So, overall, what I can give you the comfort of is that this kind of growth that we are showing cannot come unless both catalogue music as well as newer music are growing. Because remember, we have a large enough base of music licensing revenue. And a large chunk of that, if you go by my last numbers, over 50% of that are still belonging to 20th century. So, unless we grow, we will not be able to show growth here.



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- Harrsh K. Shah:** Got it. Any number you would like to quantify as to what would be the impact of the closure of the Wynk app?
- Vikram Mehra:** Not individual platforms, no please. Can't comment on that.
- Harrsh K. Shah:** Okay. Secondly, on the video segment, right, so if I look at the absolute EBIT for the nine months of FY '25, it's still negative. So, I understand that this quarter there was a bit of write-off that you have done on a conservative basis. But how should one look at the profitability of this division? Could you give a ballpark range of the margin one should expect on an annual basis, not a quarterly basis?
- Vikram Mehra:** So, the video business should be able to give you high single digits margin percentages. Again, the great thing about the video business is that if you play it properly, the IRRs are far higher because you do not end up investing a lot of your own money in the movie. And you can turn around that cash multiple times during the year. That's how we look at the video business. There are ups and downs that keep on happening. It's still a relatively new business for us. We took over Pocket Aces just a year back. And we are still stabilizing that part of the business. So, you will see the video business also generating single-digit margin percentages as we go ahead.
- Harrsh K. Shah:** So, single-digit EBITDA or EBIT?
- Vikram Mehra:** We say single-digit EBITDA. But in the film business, we charged off the entire cost of the video in the first year itself. There's nothing which is sitting on the balance sheet.
- Harrsh K. Shah:** Correct. Got it. And lastly, one clarification. So, the shows that we are doing in collaboration with Viraj Ghelani, who is one of our artists, sir, the revenue is booked within the live events vertical or within artist management?
- Vikram Mehra:** Live events vertical.
- Harrsh K. Shah:** Live events. Okay. Got it. That's it from my side. I will be back in the queue.
- Vikram Mehra:** Thank you.
- Moderator:** Thank you. Next question is from the line of Robert Marshall-Lee from Cusana Capital LLP. Please go ahead.
- Robert Marshall-Lee:** Good. Just be interested when you are talking about the aggressive '25, '26, '27 investment, just how you are thinking in terms of return on capital on that? And if you could just explain a little bit the kind of sequencing of the P&L, how does that come through? I am fully supportive of investing for growth, but I just want to understand how the impact of that and how you see in terms of value generation?



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Vikram Mehra: So, the only guidance we have on the newer music investment is that we adhere to a five-year payback guideline on a cumulative basis of all the content that we procure in a financial year. And over the last four years of new content investment, we are faring better than a five-year payback period. Does that answer your question?

Robert Marshall-Lee: But when you say a five-year payback, could you just clarify how you are calculating that?

Vikram Mehra: So, the entire money that we are spending on the content acquisition and the marketing cost that is incurred on the content. Typically, our ratios are INR80 on content and INR20 on marketing. So, if I spend INR100 without loading the cost, without factoring the time value of money we will recover these INR100 over the next five years.

Robert Marshall-Lee: Okay. And so given the aggression of your investment at the moment, your write-offs through the P&L are just exceeding the kind of the marginal gains on the kind of P&L benefit side in during that kind of period, but then they are expected to inflect back the other direction. Is that correct?

Vikram Mehra: Sorry, I did not get you.

Robert Marshall-Lee: So, as you are accelerating your investments, as you are going through the accelerated investment phase, then the P&L kind of dilutive effect of the upfront write-offs exceeds the benefit temporarily. Is that correct?

Vikram Mehra: Yes. So, we typically charge 36% of the new content investment in the first year because it's not a linear increase in our content investment. It's a step function jump we are doing on the content investment side. That's why two quarters back we had given the guidance that for the next six to seven quarters, we will see a situation where the increase in revenue on account of the newer content will just about match the charge-off that we are taking. As we jump across that after four quarters, the growth in content investment is going to start becoming of a linear nature. That's a time that the revenue growth is going to become faster than the charge-off and hence profitability will start coming in on account of the newer content.

Robert Marshall-Lee: Right. Yes. Understood. And could I just ask about the kind of impact you are expecting from the exits of free platforms? So, you talked about the two which have already shut up shop. Does that impact you kind of temporarily in terms of any kind of monetization you are putting through those platforms and how do you see that shaking out?

Vikram Mehra: So, over the last 18 months or so, four of the platforms have either shut shop or have gone completely behind the paid wall. Gaana and Hungama have gone fully behind the paid wall, while Resso and Airtel Wynk have shut shop. The immediate impact of that is that the minimum guarantees that we were getting from these platforms have gone away overnight. As you can see, looking at the four out of eight platforms in India that have shut shop or turned paid, the impact



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should have been massive on our bottom lines, but we have been able to cover ourselves because many of the customers who were there on these free platforms have either transitioned to other free platforms or have moved towards a paid service. So, we believe this journey will continue and of the remaining two platforms, there will be one of them which is an Indian platform., if they turn paid, the international platform is going to follow suit. And over the next four quarters or five quarters, you will have India transitioning from a free model to a paid model on the audio side also. You are already seeing trends in the past on the cable and satellite TV world, where transition happened from free to paid. We have also seen on video on demand part where SVOD numbers have gone up substantially. We believe something similar is going to be happening on the audio side too.

Robert Marshall-Lee: That's helpful. Thanks very much.

Vikram Mehra: Thank you.

Moderator: Thank you. Next question is from the line of Jyoti Singh from Arihant Capital Markets Ltd. Please go ahead.

Jyoti Singh: Thank you for the opportunity. My question is on the event business side. Like, we have done very good in this quarter. So, what are the expectations going forward? We are expecting a similar kind of performance. And, how much margin we are expecting going forward? Or are we seeing similar kind of trend, so it will be going to impact on the margin?

Vikram Mehra: So, Jyoti, when we started the events business a year and a half ago, we started it because we were seeing some initial amount of interest from the Indian customer in experiential music. And that's why we were bullish about that. Secondly, we saw serious synergy between the live events business and our licensing business. We were not very sure which way this event business is going to pan out. What our performance of quarter three has shown us that the Indian customer is becoming more open to the idea of experiencing live music.

It's not just our concerts that have done well, there are some international artists who also performed around the same time and have been able to draw large number of crowds. So, we believe that as we go forward over three to five years, there may be a large amount of growth coming out of the events vertical itself in the company. Compared to everybody else, we have an edge at this moment. Firstly, we are the only music label in this country that also has live events vertical, which allows us to get a massive edge. We have relationships already going on with the artists. We are also releasing songs by the same artists whose live events we are doing. Nobody else has got the same position in the market.

You may not see this performance that you saw in quarter three getting repeated every quarter. But let me repeat myself. Over the period of the next three to five years, directionally we will move in here. And the margins in events business are, at best, high single digits. But because



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your money gets locked for a very short duration, say 30 , 60 or 90 days only, you are able to go back and generate very high IRRs.

Jyoti Singh: Okay. Thank you so much, sir. And sir, on the margin side, basically margin is the main concern with Saregama compared to our competitor. So, when will we be going to see the stable or good margins?

Vikram Mehra: Ma'am, if we decide as a company tomorrow to follow a policy that we just want to be comfortable with whatever content we own currently, we will end up driving margins which are upwards of 75%. Because our real cost structure that we are sitting on within the company is the new content that we are acquiring. Saregama, for the longest time, for close to two decades, had taken a call not to invest in new content. And we realized our folly. This is because if you do not invest in newer content, the company starts becoming irrelevant for the younger audience. And that's a conscious call that we have taken that we will invest in content in a very heavy fashion. This means there will be – on a short-term basis, a cost structure. Hit content does not come free of cost. But we believe in the period of next three to five years, it will boost our profitability in a significant fashion.

Jyoti Singh: Thank you so much.

Moderator: Thank you. Next question is from the line of Mr. Pulkit Chawla from Emkay Global Financial Services. Please go ahead.

Pulkit Chawla: Yes, thanks for taking my question. So, the first part, I think, do you somehow feel that with the growing popularity of the shorts format, does something like a YouTube shorts cannibalize your long-term format? Given that today, at this point of time, monetization is slightly better on the long format as compared to the short format, does that make monetization slightly more difficult? And second, if you could just help me, it's been a year since you have now acquired Pocket Aces, where we are on the path to profitability? So, the last year was slightly weaker on the revenue growth front also. So, if you could just highlight what steps have you taken for Pocket Aces?

Vikram Mehra: Okay. So, let's talk about the short format content. When we look at all of the short format apps, we see a massive potential upside that has not been factored in yet, in terms of the share of advertising revenue that these people can generate. You see these apps as cannibalizing views, we see these apps as something that can generate a fresh set of eyeballs and hence fresh advertising, which will eventually get shared with the content creators. It's only a matter of time.

Some of these short format apps even have contracts with us, which say that the day they start sharing revenues with any content creator, they will share it with us also. So, we see these as the future growth potential area. Often people ask me on music, what are the two unexpected growth triggers that may come in. The expected one is the market share from our side or the basic growth



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that industry is seeing. The unexpected part, will be the growth of subscription that may really surprise us. It may grow very rapidly on the streaming side. Secondly it is the short format app's ability to convert these eyeballs into advertising dollars that will get shared with us. That's part one of the answer. Part 2 you were asking for?

Pulkit Chawla: The Pocket Aces profitability part and the revenue growth trajectory.

Vikram Mehra: Saregama is going to be growing its revenue upwards of 30%, and Pocket Aces cannot lag. They must go out there and grow at the same pace. Otherwise, we will have pressure. So, they are growing right now in a healthy enough fashion. And we are reasonably confident that we will be able to get them to breakeven or very close to breakeven, as promised earlier, by the end of the financial year.

Pulkit Chawla: Thanks again. That's super helpful. Thank you.

Moderator: Thank you. Next question is from the line of Rucheeta Kadge from I-Wealth. Please go ahead.

Rucheeta Kadge: Hello, sir. A very good evening. Sir, my question was about the events business. So, what are the kind of events that are lined up for the next year? Can you give me a sense on that?

Vikram Mehra: Ma'am, we work with a range of artists. These are artists who are signed with us, and who are coming to us, seeing our ability to produce India's biggest tour with Diljit Dosanjh. There is more work that may happen in international markets with maybe Diljit itself. There are Punjabi artists. There are South Indian artists. So, there are a range of people that we are working with.

We are also developing in parallel IP-based shows, which are independent of an individual artist, but the IP becomes bigger. Like this series that we have, where in we get a big Bollywood star of yesteryears, who tells us the stories of his or her movies and the songs behind it. In the last financial year, we've already done one with Javed Akhtar Sahab. We just did another one with Zeenat Aman ji in this financial year and you will see us pursuing this with a greater number of stars.

Similarly, we are doing musicals for kids. Say Cheese Grandpa is the brand name under which we work, whereby we take some of the most iconic songs of Saregama like Lakdi Ki Kathi, which were aimed at the younger children, combine it with some of the newer age music, give it some amount of prominence on digital platforms, and then also turn them into live events where younger kids can come with or without their parents and also get some moral learnings out of that show. So, all that is happening.

Events have got a dedicated team which is exploring all possible opportunities. The good part is that there's a lot of conviction internally in the system after the success that we have seen. And



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in the market, we are treated as the number one producer in the country today as far as live events shows are concerned.

Rucheeta Kadge: Okay, sir. So, sir, my question was in the direction that in the last nine months or 12 months, if I see, on an average, our growth has been very massive. So, going ahead, obviously the base is going to be higher. So, would that growth taper down or you see directionally it should grow in maybe 50%, 60%?

Vikram Mehra: Ma'am, let me comment vertical by vertical. On the music side, we maintain our mid-to-long-term growth projection of 22% to 23%. On video, we are projecting a growth of 25%. On Carvaan, there will be further degrowth that will happen and then it will stabilize and hopefully start showing a marginal growth upwards. On the live event side, honestly, it's very early for me to go back and give any number. So, on the live event front, give us another few quarters for us to stabilize it. After that, we will be happy to share our growth projections. But on the most stable businesses, I've shared my projections with you.

Rucheeta Kadge: Got it. And sir, just one last question, sorry if I am repeating it, but just wanted to understand, get a sense on the content cost, which is amortized. So, if you could give an example, if INR 100 content we are acquiring, how much of it are we amortizing, how much of it is marketing, and going ahead, then how do we amortize that?

Vikram Mehra: So, I will ask Pankaj, our CFO, to take this.

Pankaj Chaturvedi: So, see, the ratio between content acquisition and marketing is typically 80-20. So, if content is acquired at INR100, INR80 is the content acquisition, INR20 is the marketing. The INR20 of marketing gets charged off immediately, while of Rs. 80, we write off 20% in year one, which is 16. So, if you just add up, it is about 36% that gets charged off in year one. At the overall level, the entire content is charged off in a period of 10 years.

Rucheeta Kadge: So, from second year, would it become lower and lower, like 20% in year one, so then it may be 10%?

Pankaj Chaturvedi: Second year it is 15%, then the remaining eight years are equal.

Rucheeta Kadge: Okay. Understood. Yes, that was it from my side. Thank you so much.

Vikram Mehra: Thank you.

Moderator: Thank you. Next question is from the line of Priyankar Sarkar from Square 64 Capital Advisors LLP. Please go ahead.

Priyankar Sarkar: Hi, good afternoon, Vikram.



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Vikram Mehra: Hi.

Priyankar Sarkar: Vikram, a couple of questions. If Airtel Wynk did not go out of the market, how much more revenue growth could we have done in this quarter, any ballpark figure if you can help us with that?

Vikram Mehra: Pass that one, please ask the next one. It has no value now.

Priyankar Sarkar: No, because the thing is, when we speak to the industry, they are saying that the growth in music licensing at an industry level has slowed down, right, to the early teens. And I wanted to get your view because you have been very bullish on that, but that's not the feedback I get when I speak to on the people in the industry, so where is the disconnect?

Vikram Mehra: So, I am assuming you are giving us a pat on the back.

Priyankar Sarkar: I mean, sir, I would look at you without the artist management. So, for me, you have grown at 12.5%, add that you have grown 19.5%.

Vikram Mehra: Everybody else has got the same artist management sitting in. All my competitors have signed artists, and their revenues are coming as a part of it. It just so happens we are splitting them. Every major label that you pick up globally or in India has an artist management piece connected to it. It's an integral part of music. Tomorrow you may say, I will not include YouTube as part of your music licensing, and what do I do? So, that's entirely your prerogative, but I will again repeat, I think it's flawed.

You need to combine both these to understand music. What is the potential of music? Because I invest in artists who are going out there and singing my song. I make money not just from the song, but from the artists at the same time, and everybody is following that methodology. See, you need to understand when four of the platforms decide to go from free to either paid or they shut down. There will be some amount of pressure that will start getting generated in the market.

What we are very bullish about as an industry is that the shutdown is resulting in subscriptions slowly growing. At the end of the year, which is the end of next quarter, I will be sharing some flavor of how the revenue that Saregama makes from subscription is going up. These are still early shoots, but we can see the subscription economy really moving as we go forward, which is the great part. For us, the fact that our growth numbers have gone up is because our market share has gone up. Market share has gone up, because we are actively investing in newer content. And so is the number one player in the market. They are also actively investing in newer content.

We have a higher hit rate and you can go back and judge by yourself by looking at the numbers of all the newer content that have come out. We have a far higher hit rate compared to a direct



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competitor, the number one across all languages, which is helping us grow faster than the rate at which industry is moving.

Priyankar Sarkar: Fair enough. Sir, if I can squeeze in one more, how is the growth in areas such as Punjabi, Bhojpuri and other regional language, except barring the bigger southern industry?

Vikram Mehra: The growth is there across all languages for a player like us, because our market share is going up. I will tell you how we look at market share of the newer content. Take a calendar year of 2024, check out every song across every language released by every label in the year 2024, check out the cumulative views of each of these songs as of 31 December 2024, so everybody gets an equal chance out here and then starts looking at the market share.

You will see Saregama's market share going up across all languages. We have one language where we are relatively weak and one language that we have not entered ourselves into. Apart from that, in every major language, you will see us either at the number one or number two position. This includes, last quarter, , where we actually entered Chhattisgarhi, and we are now sitting at number one position in Chhattisgarhi also.

Priyankar Sarkar: Fair enough. Okay. Thank you, sir. I wish you all the best.

Vikram Mehra: Thank you, ji.

Moderator: Thank you. Next question is from the line of Swapnil Potdukhe from JM Financial. Please go ahead.

Swapnil Potdukhe: Hi. Thanks for the opportunity. My question is with respect to your guidance at the start of the year wherein we had said that music licensing plus artist management will grow around 25% to 26%. Now, if I were to look at your numbers till '19, it appears that we are somewhere in between 17% to 18%, so we are quite far away from our original guidance for this particular year. So, any thoughts around how --

Vikram Mehra: Actually, our guidance is 22% to 23% right now on this entire music vertical. Are we going a little slower than that in this financial year? Yes, you are right. Yet we maintain our guidance of 22- 23% on a medium-to-the-mouth basis. You will have a quarter or two here and there slowing down, with slightly unexpected things like a platform shutting shop (like Airtel Wynk). This was not expected. So, there are some amount of dents that we end up taking, but we believe that on a medium-too long-term basis, we are on solid grounds, and we will come back on this 22%, 23%. So, if you are going to be looking at us on a five-year basis, you will see a CAGR of that percentage, some years it will be higher, some years it will be slightly lower.

Swapnil Potdukhe: Okay. And secondly on your cost side, if you look at your employee expenses, there has been some volatility in terms of how much your employee costs have been there quarter-on-quarter



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basis. So, you started with roughly around INR26 crores in Q1, then it went up to INR30 crores, now it's down to INR27 crores. Just wanted to get, I mean, what's bringing such --

Vikram Mehra:

That's only based on two quarters, I think you need to go back and look at the number on a 12-quarter basis, then you will start seeing a clear pattern coming in. We announce our bonuses and increments in the month of July. So, Q2 ends up typically being higher. Also remember, this year onwards. You are seeing the entire Pocket Aces salaries also getting combined with our numbers, which was not the case necessarily in the past. So, that's the jump that you are seeing. We are very closely monitoring employee expenses as a percentage of the revenue, and we are comfortable with the rate at which it's moving. There is nothing on the employee expenses front which is suddenly going up.

Pankaj Chaturvedi:

I will just add to it. Swapnil, if you see the quarterly percentages of employee costs as a percentage to revenue from operations, you will see some ups and downs because of the denominator impact. One is the consolidation of Pocket Aces, just like if you see this current quarter, because of the huge surge in revenues led by live events, the percentage appears to be 6%, which again is, artificially low. Just look at our last year's numbers, the percentages were stable at about 11%, 12%. Some quarters, yes, there will be an impact on account of the bonus's payout, but otherwise, the percentages are in control.

Swapnil Potdukhe:

Understood, Pankaj. And just a last one, if I can squeeze in. So, we have been talking about our Carvaan business, we are taking some efficiency efforts over there, right, trying to bump up the margins on that side. Anything that you can call out as to where we are in terms of that effort, any improvement in the margins of the business?

Vikram Mehra:

At the end of Q4, all the cost correction initiatives that needed to be rolled out will get rolled out because there was a large workforce that we had as part of the Carvaan team that were responsible for selling the products in the retail market. And we also had inventory lying with us, so we could not take a call on an overnight basis to make any changes. It's a slow process that had happened there, whereby we have brought down the inventory and a lot of people from the retail side have been helped by getting them jobs out there. So, you will see from Q1 of the next financial year the full impact of that coming in.

Right now, all we are seeing is that the revenue is falling, but it's not always resulting into a greater efficiency because some of the manpower reduction has not been exactly in sync with the fall in revenue. Q4 will be the last quarter in which this process is going to continue. Q1 onwards, you will start seeing numbers coming on account of Carvaan too.

Swapnil Potdukhe:

Got it, Vikram. Thanks a lot for the opportunity and all the best.

Moderator:

Thank you. Next question is from the line of Abhishek Kumar from Sanctum Wealth. Please go ahead.



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Abhishek Kumar: Hi, good evening. Sir, my question, I guess most of it is answered. I had a first question on the Hip Hop foray. So, just --

Vikram Mehra: Question. Sorry, I cannot hear you, sorry.

Abhishek Kumar: My question was on the Hip Hop foray which we had made this quarter and our partnership with Hustle 4 and where we have acquired the songs and plus the artists. So, I just wanted to know the thought process behind it and how our strategy would be going ahead in this? That's my question.

Vikram Mehra: This is one of my favorite areas. Very consciously within Saregama, we want to correct the fact that majority of our content's appeal is to the middle-aged or the older people because this was the company which used to live on the HMV legacy. Over the last few years, we have taken a lot of steps to correct it so the company starts becoming relevant to the younger people also because once they get used to my music here, they will also give us revenue for the next 40, 50 years of their life.

There have been moves in picking up new film music, creating new pop music, creating video content which is relevant to the younger people. In the same direction, we realize that the youth of the country, you are now talking about 14 to 26, 27, that age group is very, very big on the Hip Hop side. Hip Hop is not the kind of music which is consumed by everyone in this age group, but people who consume it, consume a lot of it and also go out and attend the live events of the artists whose music they are fond of.

That's what has got us excited. We experimented in December, January of FY'24 with working with people like Krishna and Raftaar, who are the big boys of Hip-Hop music. We started tasting success with that. They also took time to accept the fact that the giant pop music is ready to go out and make a foray into Hip Hop also.

Our next experiment was with MTV Hustle, whereby we did a deal with them. We had not picked up their music in the past, ever. And this time, we ended up picking up the music. And if you go by just by the data, Hip Hop Season 4 has been the best performing Hustle ever.

Hustle has never done as well as they have done in partnership with us. We are also signing their number one artist who won this year's Hustle and some three other artists as part of an exclusive deal, whereby they will record music with us and we will also manage their live events business.

As we go forward, you will see more activity happening in this space. Attempt is again to create music which is relevant to various strata's of society. Sometimes we do it on the basis of language. Sometimes we do it on the basis of film or non-film.



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While I am talking about Hip Hop, you will also see some more action happening in Q4 on Carnatic music, which is a more traditional side we are moving into. We have not made too much investment in recent times on Carnatic. You will see us creating property and getting some of the younger Carnatic guys and putting up their content.

So, it's a diversified approach that we take at Saregama across each of our verticals, so that we are never too dependent on any one area, while also monitoring the return on investment profile of various areas to decide how much budget we should be giving to each of these.

Abhishek Kumar:

Thanks a lot for a detailed explanation. And it's really good to know that we are moving towards the younger audience of 14 years to 26 years, which you mentioned. That is something which I guess is really appreciated. And last question, I know that various participants have asked about live events. So, this is a bit different in aspect, given that we have set kind of set a benchmark with respect to the Diljit concert this year and which was a super success.

So, how do we kind of move ahead of this one? So, the benchmark which you have set is high and how do you think about the artists which say will have throughout this year, be it Indian artists, Punjabi artists, Hindi or maybe you should think of any Western artists, so if you can kind of --

Vikram Mehra:

I had answered this question earlier also. We are looking at a range of artists with whom we can go out there and work. The fact of life is there is only one Diljit Dosanjh in this country. You also have other artists who are very, very good like Arijit, but Diljit Dosanjh is Diljit Dosanjh. He is the ultimate ambassador of non-film music and a brand in his own.

So, can I go back and replicate the success of this tour every quarter? It may not go back and happen. What it has done is put serious amount of confidence in the minds of the management team, our partner and our investors that this moment of investing in live events is the right moment and Indian customers are ready to pay provided the experience is right, provided the artist is a brand in his own right.

So, on the artist management vertical, the artists with whom we are working, the kind of music we are giving to them, we are keeping in mind that eventually we need to turn them into huge live artists also at the same time. We are also in dialogue with some Punjabi and South India based artists and working with them and seeing how we go back and create, if not as big as Diljit Dosanjh tour, multiple tours, maybe half their size.

So, please do not expect every quarter for this to happen. But it's clear that live business is here to stay, and it is going to eventually become a huge chunk of our revenue as we people go forward.

Abhishek Kumar:

Okay, got it. Thanks a lot Vikram and to everyone. Thank you.



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Moderator: Thank you. Next question is from the line of Purab Rathi from RBA Finance and Investments. Please go ahead.

Purab Rathi: Hi, sir. Good evening. Congratulations on the record set of numbers. So, sir, my question would be on a more of you see how live events are getting traction from, as you said, the younger audiences. So, I would want to know if Saregama would be open to touring, like how we sent Diljit Dosanjh abroad, would we be seeing artists from abroad such as Taylor Swift or Coldplay, who just packed Bombay, Saregama touring them and producing shows with them?

Vikram Mehra: At the conceptual level, yes.

Purab Rathi: Saregama does have scope of like touring Diljit abroad, but also getting artists from abroad, here in India, right?

Vikram Mehra: Conceptually in agreement with you. But remember, we are not an event production company. We are an IP-based company which invests in artists. So, are we talking to some of the international guys? Yes, we are in dialogue. But everywhere we are also finding ways in which, even if an international artist comes in, can I do the opening act of that international artist with a Saregama artist? Can I create some more music with that artist out here as a collab between that artist and an Indian artist?

We are looking at all those kinds of possibilities. But that also opens me up to audience living outside India, non-Indians, consuming our music. When I connected to one other participant, when I said that artist management and music licensing are completely connected to each other, literally one and the same thing, that's the point I was trying to drive. And the extension of this is the live business. So, short answer to your question is, yes.

Purab Rathi: So, sir, one last question. As you said, especially for live events, there is ticket sponsorship. Just curious, we had Dil Luminati tour in USA and Canada. Why were the ticketing revenues of those shows not accounted for in our books?

Vikram Mehra: It all depends on the kind of structured deals that we people were doing there. We were working in partnership with the local guy. Again, it also depends on the fact that they were bigger shows and we wanted to go out there and hedge our risk. So, our role was relatively more limited, while in India, the entire show was 100% produced by us. So, our roles also keep on varying depending on our strengths in any individual markets.

Purab Rathi: Thank you. That answers my question.

Moderator: Thank you. Next question is from the line of Ravi Kumar Naredi from Naredi Investments Private Limited. Please proceed.



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- Vikram Mehra:** Ravi ji, you came quite late today.
- Ravi Kumar Naredi:** The queue was long; my number did not come sooner. Sir, again, I congratulate you on the good numbers you had given, but in last nine months results, our revenue rose by 72%, but net profit has barely no rise, so will you comment on that?
- Vikram Mehra:** Sir, I will not react on numbers but on every call for the last four quarters I am saying this, as we have started the journey of investing heavily in content, my charge-off of the new content will just about go back and match the increase in the revenue that is coming on account of the new content.
- Ravi Kumar Naredi:** Right.
- Vikram Mehra:** And we have taken a conscious call to go out there and do it. And I've shared with the entire investor community before we ended up starting to spend this money, so this is going to continue for another four quarters. It was a six-quarter story. Two quarters are over, and four more quarters, this is going to happen. Because after that, you will see the spending that we are making on newer content will start increasing only in a linear fashion. And hence, the revenue growth is going to be far higher than the growth on the cost charge-off that we will be taking. And start growing substantially.
- Ravi Kumar Naredi:** Understood. Yes. And this cost of content rises now higher side, now it is almost 40% to 50% of film cost. So, how do we earn more in this scenario?
- Vikram Mehra:** Sir, sorry, I am not very clear about your question.
- Ravi Kumar Naredi:** Sir, our content cost is on the very higher side. It is almost 40% to 50% of the film cost. So, how do we earn more money from this higher content cost?
- Vikram Mehra:** How did you say 40% to 50% of the film cost?
- Ravi Kumar Naredi:** Almost, I am seeing with some producer, they are saying that they are --
- Vikram Mehra:** But sir, then people may be buying the music very, very expensive. We do not buy it that way. Ravi ji, I have shared in multiple forums and in multiple calls also with you is that our entire buying process is a data analytics-based process, whereby predictive models are used to understand how much money we will be able to generate from an album over the next five years, because you know the internal guidelines of payback is five years. Whatever models are showing, we do not go and pay on that. So, we are never 40% to 50%, not even anywhere half way close to that.
- Ravi Kumar Naredi:** Okay. So, it is in our mind that we have to recover in five years, right?



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Vikram Mehra: Yes, sir, that's a guiding principle for everybody in the management team. If there is one thing that binds the entire music business, both of licensing and artist management, it is that the total investment you are making has to get recovered in less than a five-year period. Five is the outer number.

Ravi Kumar Naredi: Right. Sir, in this Yoodlee movies, we will come in profit soon? Or it takes another few years?

Vikram Mehra: Sir, you will see Yoodlee's model transitioning, Yoodlee has started showing profits. Then the old model of Yoodlee, if you remember, we used to make films and license them directly to the digital platforms. During COVID, we realized that digital platforms were refusing now to take movies which are non-big stars directly onto their platform. So, we have changed our strategy and say we will make movies that are taken to theatrical part first. And then we move across to the platforms.

Ravi Kumar Naredi: OTT platform.

Vikram Mehra: If you see in this quarter there is literally one movie of the past that was sitting there with us. That's the only movie which was an unsold movie. And in our prudence, we have decided to go back and completely charge it off.

Ravi Kumar Naredi: Okay. Thank you. And all the best.

Moderator: Thank you. Ladies and gentlemen, we will take this as the last question for the day. I would now like to hand the conference over to the management for the closing comments.

Vikram Mehra: Hi. We can see this quarter as an aberration, or we can see this quarter as definite proof that the strategic steps that we are taking at Saregama are all moving in the right direction. Diversifying ourselves beyond the music business alone, even within the music business not being dependent only on one kind of music, whether we are investing right now in film as well as non-film, popular as well as Hip Hop, Carnatic as well as ghazals, and devotional. We are investing in all the major languages of the country. We are not relying on making money in music only out of what a YouTube or a Spotify will give us.

We are also investing along with the music on the artists who are making that music so that the recovery of the music can also happen from that individual artist who is the raw material here, to also getting into other entertainment IP areas like live events or video business or within video business, short-format content. It just tells you that at Saregama, we are very, very open to trying and exploring various other entertainment IP verticals. It not only allows us to diversify or hedge our risk, but also allows us to create large synergy across all verticals that we will have.

Second, the use of technology and data over humans' ability to decide what's going to work and how much to pay, is helping us in a very big fashion. Also, having a managerial strength which



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has not been taken out of only the music industry, but also top talent from FMCG, consumer durables and services is being picked. It's the combination of all three factors which give us a massive edge over our competitors. We are growing at a rate which is faster, have a hit rate ratio which is better,

As we drive more synergy between various verticals, the efficiency levels are also going to go up and scale will start giving its own cost advantage. So, overall, we, as the management team, are extremely bullish on the future and we believe that the company will go strength to strength. Thank you and look forward to all your support.

Moderator:

Thank you. On behalf of Emkay Global Financial Services, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.