

**Date:** 9<sup>th</sup> November, 2023

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Listing Department,  
National Stock Exchange of India Limited  
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Block G, Bandra – Kurla Complex,  
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The General Manager,  
The Listing Department  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001

**Symbol:** SAREGAMA

**Scrip Code:** 532163

**Subject:** Q2FY24 Earnings Conference Call – Transcript

Dear Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Q2FY24 Results Conference Call held on Thursday, 2<sup>nd</sup> November, 2023 at 12:00 Noon (IST) for the quarter and half-year ended 30<sup>th</sup> September, 2023.

This information is available on the website of the Company [www.saregama.com](http://www.saregama.com).

You are requested to kindly take the afore-mentioned on record and oblige.

Yours Faithfully,  
For **SAREGAMA INDIA LIMITED**

**Priyanka Motwani**  
**Company Secretary and Compliance Officer**  
**Encl:** As above



# “Saregama India Limited Q2 FY-24 Earnings Conference Call”

**November 02, 2023**



**MANAGEMENT: MR. VIKRAM MEHRA – MANAGING DIRECTOR.  
MR. PANKAJ CHATURVEDI – CFO.  
MR. SAKET SAH – GROUP HEAD (INVESTOR  
RELATIONS & ESG REPORTING).  
MR. PANKAJ KEDIA – VICE PRESIDENT (INVESTOR  
RELATIONS)**

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



**Moderator:** Ladies and gentlemen, welcome to the Q2 FY24 Results Conference Call of Saregama India Limited hosted by Emkay Global Financial Services.

As a reminder, all the participant lines will be in the listen only mode, and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this 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 Mr. Chawla.

**Pulkit Chawla:** A very good afternoon, everyone on behalf of Emkay Global I would welcome you to the Q2 FY24 Results Call of Saregama India Limited.

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

Without any further delay, I will hand over the conference call to Mr. Vikram Mehra for his opening remarks post which we take the Q&A. Over to you sir.

**Vikram Mehra:** Good afternoon everyone. The Quarter 2 of Financial Year '24 saw the operating revenues of Rs.172 crore and PBT of Rs.65.6 crore. If you look at these numbers on a year-on-year basis, you will see a de-growth in the revenue numbers that's purely because of the events vertical. Remember, events vertical is seasonal in nature.

Last year, Quarter 1, Quarter 2 saw two of our international tours happening which did pretty well. This year, the focus has been a little more on the domestic side, which starts reflecting in Q3, Q4. As I always say, please look at the numbers only on an annual basis and not on a quarter-on-quarter basis. This is actually very much true for the events and the film business.

Before I get into the Music segment, I want to reiterate once again what I shared last time. The Company was in a dialogue to settle a very old contingent liability which was under litigation. We are very happy that this liability is now fully settled and the entire contingent liability of Rs. 58 crore has been knocked off from our balance sheet.

Let me jump onto the Music segment first:

While our numbers are looking very decent, the good news that I want to share with you is that now Saregama is actually working with the biggest production houses in the country. From Dharma Production's Rocky Aur Rani Ki Prem Kahani which got released in Quarter 2, or their upcoming movies like Mere Mehboob Mere Sanam or Sarzameen to Sanjay Leela Bhansali's Gangubai, and his upcoming movie Baiju Bawra, or Vidhu Vinod Chopra's 12th Fail, or Imtiaz



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Ali's Chamkila or Jio Studio's Stree 2 .Many more such big production houses are actually partnering with Saregama. And the scene is no different in the Telugu or Malayalam space, where the biggest production houses like Mythri, producers of Pushpa, are now partnering with more and more movies and choosing Saregama as their marketing partner.

It is heartening, because there was a little bit of skepticism that people had when Saregama decided to re-enter the new music acquisition space, there was a doubt whether Saregama has it in them to play this very competitive game. And through our innovative marketing strategy, use of technology, data and analytics, and the professional way in which this entire work has been handled, has convinced every major movie studio and lot of independent artists to start choosing Saregama as their preferred partner.

In this quarter, we saw the release of huge hits. In Hindi it was Rocky Aur Rani Ki Prem Kahani. In Telugu Kushi got released which was a big musical hit and in Malayalam we had the biggest hit of that market called RDX. Remember, this is coming immediately after the success of Zara Hatke Zara Bachke in Hindi and Romancham in Malayalam in Quarter 1. So, you now have two back-to-back quarters with great albums coming out from Saregama. Almost every single chart you have in this country from AirCheck (for radio) , to Spotify charts to a YouTube chart or an Airtel Wynk chart it's becoming a routine to see Saregama songs featuring in the top 10 or top 20 list of these platforms. So, we are not just into new content, but we are now becoming a very successful player in the new content space.

Now, commercially if we look at the impact of these new successful releases please keep in mind that the immediate impact will be seen only on YouTube, which is a purely variable model that all of us work on. If a song video does very, very well, then there are more views which straightaway results into higher revenue. But the impact on the other two verticals which is OTT streaming, and short format apps like Instagram or YouTube Shorts, will come with a lag. This is because of the nature of deals which are either minimum guarantee or fixed fee in nature. So, you don't see the immediate impact of it. But the impact will start coming with a lag of anything between 3-12months.

More importantly, all of you who are invested in Saregama have a deep appreciation for the quality of our catalogue., It were some very foresighted people who were running this Company in the 70s, and 80s, who decided to invest in the content at that time. And all of us who are running the Company now are privileged enough to enjoy the fruits of those decisions. Similarly, these big successes that are coming out now will ensure that 30 years down the line, when a different set of management and investors may be here, they will also be equally happy about the fact that we invested in some very high-quality content today. Remember, music has got the longest shelf life of all the IP that's there in the market. Anything between 60 to 80 years and you still have found the 1950s and 1960s and 70s songs being played out in in a very big fashion. And I don't see any difference in the newer content that's coming out. I'm 100% convinced that 30 years from now, when today's 18 ,20 and 22-year-olds become 50-year-olds, they will still listen to a Tum Kya Mile or What Jhumka.



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If we look at the coming quarters, there are many more big movies whose music is going to come out. There is Kanguva which is a Suriya movie in Tamil, there is Sudeep's Kichcha 46 in Kannada, and there is a Vicky Kaushal film Mere Mehboob Mere Sanam which is coming out. Then there is Diljit Dosanjh & A. R. Rahman's Chamkila. There is also Ajay Devgn and A. R. Rahman's Madaan. There is Mammooty's Bazooka, and Gippy's, Warning 2 in Punjabi. So, you have a very strong lineup of releases for quarter three and quarter four also. Combine this with the individual artists' releases that will keep on happening as we will go forward. So, hopefully you have a rocking year ahead of you.

Let's talk about monetization a little more. The biggest shift that we are seeing in the industry is the adoption of subscription-based revenue models by various streaming platforms. For the longest time in India, all these streaming platforms were relying only on advertising driven model. This means they were putting all their content on a free basis and there was very little focus on pushing the customer to the paid model. That's changing now, as three platforms over the last few months have decided to put their entire content behind the paywall. Even the remaining three audio OTT platforms who were still having the content on the free side, have now started putting in serious effort to convince more and more customers to go behind paywalls by giving more privileges to the paid customer and taking them away from the free customer.

This movement, which is happening from free to paid is something that all of us as music labels are also helping push. The problem with streaming platforms always has been that if they move from a free model to a paid model, they start from zero subscribers on Day 1 so their revenues plummet. To support these platforms all of us have taken a call that we will stop charging them any minimum guarantees. This means in the short run, labels, especially the bigger labels, are going to face some amount of pressure. Our revenues are going to come down, but the moment we start looking at a 12 to 18 months horizon, you'll see a huge jump that may come out of the subscription revenue that we'll be able to get. I've been sharing this data multiple times, that the money that we make from streaming platforms should go up by anything between 150% to 300% as the market moves from a free model to a paid model.

Are we asking for something very unexpected in India or expecting something very unexpected in India? No. You have close to 600 million people globally including a large number in China which is now paying for music then why should India be any different. Over 100 million odd people are now paying for either a digital cable or DTH which tells that people have an inclination and affordability to pay. Somebody just needs to push the customers to come behind the paid model. Even if I look at the video OTT services that are there in the country, even they are doing pretty well, I'm not getting into the reasons. All I'm debating is, there's affordability in the market and there is a willingness to pay, and we don't see the first 100 million people who move behind the paid model for music is that big a challenge in our country.

So, there is, short term pressure, but on a medium-term basis there is serious upside potential for a company like Saregama. From Q1 and Q2 we had three of our partners completely going behind a paid wall, namely Resso, (a ByteDance Company) Gaana and Hungama. So, there were



pressure and we were able to counter those pressures through a significant increase that we have seen on the YouTube revenue side. YouTube revenues are going up and the primary reason for that is the newer content that we are putting on YouTube. In fact, growth in quarter-on-quarter total number of views on Saregama-owned music channels on YouTube without considering YouTube Shorts and user generated content has increased more on a like-to-like basis than any of its immediate competitors. We are seeing year-on-year the fastest growth coming in the market. And this is for two reasons - we are investing in new content and our hit ratio seems to be far better than anybody else in the market. This is all, a result of the fundamental changes that we have brought into our Company which is a data driven approach and decentralized decision taking model. So, I believe this competitive advantage that we have right now to be a sustainable one.

Now, I'll jump into the biggest growth trigger that we have gone out and adapted which is acquisition of a majority stake in Pocket Aces, a top digital entertainment company in India. Let me tell you what the biggest trigger for us is for taking this decision. We are seeing the evolving nature of the advertising industry in India. If I go by Dentsu which is one of the biggest global media buying and planning companies, they are saying that the advertising market in India is going to be growing at 15% year-on-year. The GDP is looking at a 6% growth, advertising market growing at 15% is very easily understandable and believable number. The shift is now happening on the advertising, which earlier used to happen on television, radio and print but now seems to be moving big time on to the digital world. They are now seeing that digital advertising is expected to grow 31% CAGR. In 2022 digital advertising accounted for 35% of all advertising, which is expected to grow to 45% just within two years that is 2024. If it is sounding bizarre, no, it's not. If you talk to any 12-year-old or 15-year-old or a 25-year-old and ask them when the last time is they saw an ad, their immediate response is we don't watch TV any longer. Most of them have shifted either to an AVOD or an SVOD service and in their free time, they prefer watching short format apps, like Instagram and YouTube Shots. So, there are more and more eyeballs of the younger generation that is shifting on to that digital media landscape. Advertising is just going to follow them. So, when we are saying in 2024, the digital advertising is going to be 45% we won't be surprised that if this pattern continues, There is every reason this pattern will continue, because smartphone penetration is going up, broadband speeds are becoming better, you will see more and more people now moving on to these digital platforms and the share of digital advertising could become 60%, 70% also in the days to come.

So, what does that have got to do with us? If digital advertising is going to be coming in, where will it go? It will either go on to AVOD platforms like YouTube, or it is going to go on short format apps like Instagram and YouTube Shorts and the likes from the domestic guys. Whomsoever controls this landscape in terms of reach here, we want to be the preferred content consumption destination for the customer on these platforms. Saregama has been very, very strong on the YouTube front, with close to 100 million subscribers on Saregama owned channels. Our weak point always has been the social media which is where the younger generation is going. What Pocket Aces brings to us is that demographic. It has got a massive



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play in the Instagram world. Pocket Aces overall has got 95 million followers on digital media, with a majority of them on Instagram. And that's what makes it very heartening that advertising is going to be coming onto that digital world. We need to control both the AVOD like YouTube, which is Saregama's strength, and manage the short format apps which is Pocket Aces' strength. In fact they have 64 million , followers on their digital platforms. This ensures that when the money flows, a large chunk of money is going to come out there to Saregama. That's the biggest reason why we were looking at a digital entertainment company and Pocket Aces came #1 there.

If there's any area we have always been striving to work hard on. is how to make the Company talk to the younger age group. Saregama has always been a pro culture Company, we are who make mainstream music which is heard by families. So, we are very strong in this zero-to-12-year-old age group for children, whether it's rhymes, or it's good model songs or stories, we are going to have a Carvaan in that particular space do very well. Or we do well with more mainstream stuff, which starts attacking the age group of 30, 35 whether it's some of the greatest music from the yesteryear films, or even the latest Rocky Aur Rani Ki Prem Kahaani, Zara Hatke Zara Bachke, Kushi, RDX etc. they are all good examples of mainstream content. Where we are weak is how to talk to this more rebellious 12 to 25/28 age group. Pocket Aces just fills that need gap for us perfectly. The main strength of Pocket Aces is they have a large following in this age group of 12 to 28. The content that they create at this time is what you call counterculture. No 18-year-old wants to watch the content that their mother and father are watching. That's their nature. We were also like that when we were younger. We never used to wear the clothes that our parents were wearing., Also at that time we didn't have choices in music, but today the children want to listen to what they consider is their music. It's not that they are against what their mom and dad are listening, but they want their own music also. And the kind of content they end up listening to, at times can be bordering on something which I call non-mainstream music.

Pocket Aces, which has a great positioning of being the most youth-oriented brand on the digital space, is going to help us in this area from all the three perspectives. They get us a younger audience to talk too, have a 65 million follower base that is sitting on Instagram. They make us very much attractive to the creators of content that want to talk to the younger people. I'll tell you very often what happens is that our content team who are talking to the younger 22-year-old content creators who make content for an 18 to 20 age group, those creators are very uncomfortable working with a more traditional Company like Saregama. According to them, their rebellious content will get lost or diluted in the overall sheen of a Company like Saregama. We have been contemplating for some time launching an Indie music label, independent of Saregama so that content creators can get comfortable. Now, that ambition of ours will get fulfilled through Pocket Aces.

And the third part is the brands. Advertising money that Saregama makes from its music from brands is big. But we always end up getting more conventional brands that want to talk to the middle-aged people. The moment we go to brands that want to talk to an 18-year-old kid, they don't find us as ideal partners. Pocket Aces has got a massive strength in that particular age



group, because they create content for that age group only. And brands are far more comfortable talking to them rather than coming and approaching us to find a brand solution. In a single stroke we have been able to go back and fulfill this need gap of having a youth-based positioning and the ability to target that segment.

The third benefit is this 95 million additional follower bases that Pocket Aces brings along with it. It is going to give us a big edge in new content acquisition, when we go and talk to any production house and say that we want to partner with you on the music side. The biggest thing that the guy is looking for apart from money, is the marketing power. Until now our strength was 100 million odd, we are literally doubling it. We will be in a far stronger position to get newer content from movie studios.

Let's look at the financials of Pocket Aces. Pocket Aces wrote a revenue of INR 104 crores with a loss of around INR 16 crore in FY23. We are fairly confident, that if I look at FY25 because we already six months into FY24 so we cannot make any projection for FY24. In FY25, you are looking at annual growth of minimum 23% and a breakeven at the PBT level happening at Pocket Aces by 25. But that's no big story. Why am I just talking only of 23% at this juncture and breakeven because it will take us a few months to build and operationalize all the synergies that we have identified between the two teams. If we go on a medium-term basis we are fairly confident that we will be able to grow the combined revenues of the two companies at anything between 27% to 28% which is a big jump from 23% that we have been talking of Saregama in the past. We will get this additional growth both on Pocket Aces and Saregama combined numbers.

Also, this growth, should not come at the expense of profitability margins. We have taken it as a challenge upon us that we will stick to the adjusted EBITDA guidance of 32% to 33% that we have been making in the past for Saregama. The combined numbers of Saregama and Pocket Aces should hold on to the same 32% to 33% adjusted EBITDA target. So, you are talking, about the Saregama and Pocket Aces combination growing at a much faster pace in a fairly strongly growing digital market. In a fast-growing industry, we combine growing at a faster pace while maintaining our profitability. We are, extremely bullish on this acquisition and hopefully the numbers will start following soon.

Let me share the second development here within Saregama. We have been speaking about launching an artist management vertical. This was done in Quarter 2, what does this entail? We have presently signed three artists on a 360-degree monetization basis. We will invest in creating songs for them, their music videos and marketing these artists on a wholesome 360 degree over the next few years. Not only will we make money from the music that they create, but once these guys get established, we will monetize them by promoting them on the live circuits, that means various corporate functions that keep on happening. Live ticketed and non-ticketed events that happen, are huge markets for artists today. We will push them, advocate for them at these places and whatever money these people make, from that a big chunk will be retained by Saregama. So, through these 360-degree artists, not only are we securing the next generation artists'





availability for the Saregama music business, but we're also building an absolutely new vertical, whereby we get a share of the artist earning. While we are anyway setting up this infrastructure to promote and push our artists in the live circuit, we have also decided to create one more vertical here, whereby we are now representing close to a dozen artists for their live business only. That means, these are artists on whom we are not going to invest anything. They are small to medium term established artists, and we are telling them that Saregama will represent them on the live side. Whatever money we are able to get for them from the live side we will keep a commission on this. Our commission percentages will be higher on 360-degree artists because we are investing in them but lower on the live artists because we have zero investments in that particular space.

It becomes even better. Now with the Pocket Aces deal happening, they have got a huge influencer management vertical which is nothing but again a different form of artists management. Their strength is brand management and selling their artists right now to various leading brands of the country, especially youth focused ones. Our strength is selling the artists on the live space. So, what we'll be doing is, all the artists and singers who are signed with Saregama, we will continue managing their live part. But we will also try to convince these artists to give their brand sponsorship mandate to Pocket Aces. Similarly, all the influencers who are getting signed by Pocket Aces, their brand sponsorship mandates will continue to be managed by Pocket Aces. But we will try to convince those influencers to give their live mandate to Saregama. Which is one more big area of synergy and that makes it very attractive for both of us. Saregama and Pocket Aces will be very attractive to any artist who is there in the market now, because the artist becomes big through the video content that Pocket Aces is making and the music content that Saregama is making. We monetize them through brand strengths that Pocket Aces has and live event strength that Saregama has. It is a win-win situation for everybody involved.

Let me now jump into the space of technology and what we are doing in that space. In the times to come the content business is not only just going to be about creativity, but technology will start playing a bigger and a bigger role in the entire content creation space, whether it's audio or video. That's the reason within the Company we are very serious about making investments in both predictive artificial intelligence as well as generative artificial intelligence. Predictive AI investments are already bearing fruits. That's why success rate of our music albums is far better than anybody else in the market today. We are also working on generative AI whereby we can create tools that we are developing in-house to learn from our own music. So, there's no copyright infringement because this is our own 150,000 songs with billions of data points about which song does well, where and on which platform. We will use that data to go and create newer content on an automatic basis. We are also upgrading all our hit songs to the latest technology, which is Dolby Atmos mix for better listening experiences. The songs may have been created in 70s, and recorded using that technology that was available at that time. But today, if you're an Apple Music customer, or any of the other platforms, you have far better-quality speakers and AirPods you have access to. So, we are upgrading, the music that was created 30



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years back. We break it into individual stems, that means individual parts, upgrade those parts, so that when you listen to this music now on an Apple Music, you actually get the benefit of the latest technology that's available. Now all these things just differentiate us with any other player in the market. We are preparing this Company constantly for tomorrow, and not just trying to make money for today.

Let me share another very interesting development which is going to roll out in the days to come. We are about to launch our own music learning app, which will teach music fans how to sing songs or play instruments, and all this is being done using artificial intelligence. It's not just a tutor who is going to manually go back and teach you. There are sessions available, wherein if you have a doubt there will be a human element coming in, who will take a session for you digitally. But the bigger part is that artificial intelligence is now going to help people on an app which will be available both on Android and Apple Store. You will be able to keep on honing their skills, either on vocals, or while playing the instruments to see how good or bad they are, improve their skills and then get in a position to sing some of the greatest songs that Saregama has, whether it is Lata Mangeshkar's Lag Ja Gale or Arijit Singh's latest Tum Kya Mile or What Jhumka.

Suddenly there is a comfort that people sitting in their homes, whether it's your seven-year-old kid, or a 35/40-year-old lady or a 19-year-old boy who wants to impress his girlfriend, all of them can now learn scientifically how to sing songs or play instruments. And the cherry on the cake is because the app is launched by a music label like us we are also offering the opportunity to the best performing people who are using this app and are evolving as singers or instrument players to get a chance to release songs or music albums with Saregama. Now, most people give their right arm just to appear in a singing or a dance show on television. Just imagine if they come to know that India's most prestigious and oldest label will give them a chance to release a song, there will be a decent amount of traction that will be coming in for the learning app. Remember, the learning app needs to use the IP that belongs only to Saregama. So, nobody else can go back and teach them and no other Company out there has got the quality of a rich catalog that we have. Just another example of how like the Carvaan we are constantly looking at ways of monetizing the IP that we already own. No other label was able to go back and match us on the Carvaan space because they didn't have that kind of a rich catalog. Similarly, we believe we will have a massive competitive advantage on the music learning app also.

A quick update on Carvaan., The numbers of Carvaan continue to grow primarily on the back of mobile phones. These are the Carvaan branded feature phones. Good news is that the unit sales is going up. But it is matched by the average realization per unit sold going down. Remember, mobile phones are typically all under 2000 bucks, that we are selling in the market. So, average realization is lower on these but the comfort I can give you is that we are maintaining the percentage margins that we are maintaining on Carvaan doesn't matter whether its mobile phone or the high end Carvaan.



On the Films and series vertical actually there wasn't any action in this particular quarter. All the big releases are planned in quarter four, and there will be very little action happening in quarter three also. Difficult to believe, but I'm still holding our guidance, that by the time we end the financial year, the Films and series vertical of ours will see a 25% growth this year. On a like-to-like basis, FY24 will grow by 25% over FY23. There are multiple movies and very big Malayalam and Punjabi movies all lined up in the January to March quarter.

On the event side, Quarter 1 and Quarter 2 was relatively silent, quarter three will see a Diljit Dosanjh tour of Australia and New Zealand being done by us. Our overall approach on film, series and Events business continues to be that of being cautious in nature. I shared it last time and again reiterating that our total capital allocation to films, series and Events business at any particular time will not exceed more than 18% of the total capital allocated. Currently this number stands close to 12%. So, we will take smaller steps here, keep on growing this part and hopefully the vertical itself is going to throw enough cash to fulfill our growth ambitions.

Overall, I want to reiterate that we have just touched the tip of the iceberg. We have got our foundation in place in the Company on all parts of IP whether it's your one-minute short format content through Pocket Aces or a three-minute music video through Saregama or a 22-minute content through Saregama or a 45-minute content through Pocket Aces or a 120-minute content through Saregama. We are covering all bases of ours. The digital world is growing very, very rapidly. We are investing in technology in a very big fashion to keep us steady as we go ahead. We are relying more and more on data analytics in the decision-making process and we are investing primarily in tomorrow. Investing in tomorrow doesn't mean we overlook today. The today will be stable but the tomorrow with all these fundamentals in place should look even rosier. And remember the content that we create today especially on the music side, is going to be heard and paying us revenue not just today, not just tomorrow but for the next 10, 20, 30, 50, 60, 80 years also. On that note, thanks a lot for your patient listening. Happy to take questions.

**Moderator:** Thank you so much so much. We will now begin the question-and-answer session. The first question is from the line of Aditya Nahar from Alpna Enterprises. Please go ahead.

**Aditya Nahar:** Just for my understanding. We have bought 52% for the amount mentioned and the remaining is on the basis of certain benchmark goals correct?

**Pankaj Chaturvedi:** That's correct Nahar.

**Aditya Nahar:** And the fund for this has been from the QIP?

**Pankaj Chaturvedi:** We will be closing the transaction shortly and we will be acquiring close to 52%. Within next 15 to 18 months our acquisition will be close to 92%. And yes, you are right, the QIP funds will be used for this inorganic acquisition.

**Aditya Nahar:** Okay, great. Pankaj since I have you, any timeline on the listing of the Digidrive?



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- Pankaj Chaturvedi:** So, with Digidrive the good part is, the shares have been credited to the Demat accounts. We've received approval from both the stock exchanges. We are in the process of getting the final clearances from SEBI, which we expect should be completed in about two to three weeks. And our endeavor is to get the listing as soon as possible.
- Aditya Nahar:** Great. And sorry, Vikram my last question to you is, this is an open-ended question, any thoughts on the Taylor Swift controversy of she recording her old songs again, with licenses being renegotiated with newer artists, if you could just talk about that briefly?
- Vikram Mehra:** So, I'll not touch that. What I can tell you is the way rights in India are, they are very different from the way rights are procured or secured in the international world. And so in our case, we have both what are called Sound Recording Rights, that means the right to the song that's created, as well as the Publishing Rights, which is the right to the composition and the lyrics. That way, we are in a completely secure position at this juncture to do recreation of anything that we people want, and nobody else can do it.
- Moderator:** Thank you. The next question is from the line of Saketh Mhalotra from Tusk Investment. Please go ahead.
- Saketh Mhalotra:** So, I had a question on this Pocket Aces acquisition that you mentioned on the medium-term guidance. This is over what timeframe are we looking at this growth of 27% and 28%?
- Vikram Mehra:** Anything around three years .
- Saketh Mhalotra:** Okay. And secondly, are there any specific synergies with respect to being on the cost side, like, I understand that even Pocket Aces is into production. So, will we be running two cost centers or is it going to create some sort of savings do we have any actionable numbers for that to bring our cost down?
- Vikram Mehra:** On the video side you are right both of us are into the production side and that's the great part. We are doing more films from Saregama, and we are doing more series work for digital platforms targeted at youth from the Pocket Aces side. There are already projects that have been kick started to start doing benchmarking on both the sides and see that if we people are procuring simple things like lights, or camera work that's happening out there, can we start doing combined deals now, which takes care of both, the requirement of both sides of the spectrum and achieve more cost savings . So, yes, there will be cost benefits coming out of that side. The moment I'm talking about are music promotions, a large chunk of our music marketing budgets actually end up going and getting spent right now on various influencers that are active on social media. Now we have access to meet a large number of those influencers through Pocket Aces as they are representing them. So, we will be in a position to go out there and negotiate a far better deal for the same amount of money and get bigger bang for the same buck. So, there are advantages both on the revenue side that will accrue to Pocket Aces and to Saregama also on the cost side.



**Moderator:** Thank you. The next question is from the line of Lokesh Manik from Vallum Capital. Please go ahead.

**Lokesh Manik:** Couple of questions from my end, one was a clarification. In your presentation under music license and monetization, you did mention that strong revenue growth in medium to long term despite short term pressure due to minimum guarantees going on. Clarification was this was solely attributed to the music apps that are going behind the wall, they are going to pay.

**Vikram Mehra:** It's only attributed to that.

**Lokesh Manik:** , okay great. Second was on the live artist management. In the event, let's say does not work out and the artist is not successful, how is the exit plan then, do we have any liability to carry forward for the next 5, 10 years or the contract period that we get into, how does it work?

**Vikram Mehra:** So, there are two kinds of artists as we mentioned, the one which are a 360-degree artist, there is a short-term commitment and I'm not going to run away from it. But the numbers are not that huge. And 360-degree play of ours is going to be limited at this juncture only to three artists at best it may become four or five artists. That real numbers are going to be coming right now where we take the live Events monetization mandate of artists with zero commitment.

**Lokesh Manik:** Okay, understood. Just a last one, so the growth rate that you have up to 27%, 28%. So, 27%, 28% would be from 2025 onwards just a clarification.

**Vikram Mehra:** Yes.

**Moderator:** Thank you so much. The next question is from the line of Pulkit Chawla from Emkay Global Financial Services. Please go-ahead sir.

**Pulkit Chawla:** So, Vikram given that now the largest OTT platform has also restricted several features. Do you see that short term pain that you're talking about becoming slightly worse in the near term at least. And let's say that all these platforms tend to be moved behind a paid wall. Do you see it an impact on piracy also going up because of this issue. Second, as I foresee the payback period is also going up from the current target?

**Vikram Mehra:** Payback period for music?

**Pulkit Chawla:** Yes.

**Vikram Mehra:** Okay, so let me answer the second part. No, we are holding on to our guidance of a five-year payback period for music. We're not going to differ from that. So, if for whatever reasons, if there is a serious amount of pain in the market that means acquisition costs will have to come down. So, we are not changing our five-year payback guidance. That's one part here. Let me try to answer your first question, will there be a pain right there?. Yes, there will be pain. The good



part is out of the six guys who are all giving free access the movement to pay is happening in a phased fashion. . Three have moved to pay, other three have not moved to pay yet. It's good news and bad news. I would have loved had everybody moved to pay in a single shot so that we were done with this. But from our commercial perspective, we still have three of the guys who have a large amount of free business that's going on. If one or two of these guys start deciding to move to pay, yes there will be a serious pain in a quarter or two when it happens. But the jump that you are going to be seeing from free to pay in terms of our revenue is massive. there is a part two to your first question.

**Pulkit Chawla:**

Yes. So, do we see an impact of piracy?

**Vikram Mehra:**

So, piracy, it's a pretty good question. See, I am also chairing the apex body of the music industry in India called IMI, and we are working a lot with the commerce ministry in that space, because we come under DPIIT which is a part of commerce ministry,. We keep on working with the government a lot on various carrot and stick measures that are carried out to take care of piracy. Piracy is declining and if you talk about the Bombays, Delhis and Bangalores of the world, there is literally zero piracy. You will always have those kids who have a way right now to download some of the content on an illegal basis. But those days where music was available on CDs on every street corner , be it Bombay or Delhi are gone. So, what will the customer do ?, In the same part there is cricket sitting behind a paid wall, but people are still going out there and paying for it. The amount of piracy that used to happen earlier is not happening in our country any longer. And this has been the same journey that China has gone through. There was a serious amount of piracy problem there. As technology is evolving and people got used to the flavor of great experience on a streaming app, people are refusing to go back to the old days. So, I don't see piracy happening at least in all, the tier one, tier two, tier three towns. In the smaller towns they may still be doing. But the good part is, those guys are anyways not on the OTT platforms today.

**Pulkit Chawla:**

Thanks, that's helpful. Just one more thing has there been an increase in the competitive intensity for the new content action?

**Vikram Mehra:**

There are a limited number of players which are sitting on newer content. So, if your question is saying has the pricing gone up substantially, pricing is complete disconnected to the dynamics of what music is doing well. If you have one language with 10 hits coming in a year and all doing pretty well then costing starts going up or some other language takes a beating in that case. So, it is a competitive market. No new guy can ever play this game because they don't have the catalog to play this with. They don't have the number of songs that big labels should release. Among the existing guys we are in a fairly strong position today, which is reflected by the amount of content we are acquiring.

**Moderator:**

Thank you so much. The next question is from the line of Swapnil Potdukhe from JMFL. Please go ahead.



**Swapnil Potdukhe:** I had three questions. One is that, given that we are going through this transition of free subscriptions to a paid subscriptions, how should we see the music licensing revenues trending in the next let's say a couple of quarters or so, because I would presume that there could be some pressure over there. And when we are guiding for 27% to 28% consolidated growth are we expecting the music licensing business to grow at a similar rate or basically how much of that will be coming from music license?

**Vikram Mehra:** Let me answer the second part first. Music licensing is the largest source of revenue that we have. If we are striving for a 27% or a 28% growth three years from now onwards, I cannot achieve that growth unless music licensing also fires at the same pace. And I'm reiterating, this does not include the positive kicker, we will get the day everybody goes behind a paid wall. Accordingly, the streaming business alone can grow between 150% to 300% for us. But that will be over and above this. Yet even without that, just the synergy of the two companies will ensure that three years from now you are looking at a 27%, 28% growth with both businesses combined, including the music business.

**Swapnil Potdukhe:** The other thing was near term revenue trends?

**Vikram Mehra:** In the near-term things will keep on fluctuating. We will hold on to our numbers of a 22-23% growth, on the music licensing side. A quarter here and a quarter there might be missed but YouTube comes back and supports this. We are growing our publishing business in a significant fashion which is all about brands. We are also trying to grow our public performance business. So, hopefully, we will be able to counter this pressure when I look at the 12-to-24-month horizon where all this transition from free to paid is going to be happening.

**Swapnil Potdukhe:** Got it. And the second question is with respect to one of the major platforms missing from your PPT with respect to the partners which are working with you. So, can you elaborate on that?

**Vikram Mehra:** So, all I can say is that this is a natural part of doing business here. If you look at any music label-platform partnership 90% of the labels will have some issue going on with some platform. So, we are in a commercial dialogue with them. The commercials are not matching at that particular time and we will hopefully sort it out. But it's the usual way of doing business. Somebody will not be there on platform A, somebody will not be on platform B. We just need to go out there on any platform and look at the content we will come to know. The comfort that I want to give you is, that a majority of our deals in these cases are all variable in nature. If a customer does not find Tum Kya Mile, or What Jhumka on a platform A, that person does not start listening to some other song. Instead, the person moves from platform A to platform B. So, I don't end up having a 100% loss of the revenue. The revenue to a great extent gets made up by some other platform where the revenue starts going up significantly. That notwithstanding, it's our intent to get the commercial deals in place with the said platform.

**Swapnil Potdukhe:** Right. And the third question is on the cost side. So, we have seen a significant sequential dip in some of the major cost items like royalty fee in the, and any other expenses too. So, how should



we see them playing out in the near term, given I presume this is a and it has a direct correlation with the fact that music licensing is going through some certain pressures. But how should we see it cost side moving in the near term as well?

**Pankaj Chaturvedi:** On the royalty front the absolute numbers are pretty much stable. Although as a percentage they have been declining and we've explained the reasons why. On the other expenses, we spoke about it the last time when we said that we were addressing one contingent liability and there were some estimated provisions that we were taking,. Hence you saw a small jump last time. That cost has come down. When compared to the last quarter, they are pretty much in the normal state now. So, as we move forward, these fixed costs as a percentage of revenue will always keep declining. Hope that helps.

**Swapnil Potdukhe:** Just one clarification, the A&P spent that we have right now of around INR 13 crore for this particular quarter that was completely attributable to the music licensing or does it also include Carvaan and few Films business?

**Pankaj Chaturvedi:** On Carvaan as mentioned we don't spend on the marketing side. The entire A&P that you see in the P&L consists of all other segments. There were some A&P spends on Events and Films last quarter which are not there this time. A&P spends also depend on music, what song gets released, when and where we promote those song at the appropriate time. So, other than that, there is nothing specific as such to highlight on the A&P.

**Vikram Mehra:** So, as he said, on the A&P side there was no change on the music linked A&P They were similar amount of numbers., But since there were no Events or film releases in Quarter 2, there is no A&P spend on that front. The numbers will look different in Q4, when there will be large number of Films of ours getting released from the Yoodlee side. There will be corresponding marketing costs I also coming in.

**Swapnil Potdukhe:** Got it, very clear Vikram. Just one last thing, Carvaan continues to be breakeven or it is also contributing to some profits right now?

**Vikram Mehra:** Carvaan, was breakeven. and now contributing to profits. But it's a very thin margin.

**Moderator:** Thank you. The next question is from the line of Vikas Tulsian from Vision Ahead. Please go ahead.

**Vikas Tulsian:** Sir, from the last eight quarters your results are flat basically. And at the same time, the listed peer like Tips Industries has performed so well. So, sir why you have not performed last eight quarters and what you will do to rectify it?

**Vikram Mehra:** Let me not go on the competition part here. The revenues have to be firstly seen right now on the moment we finish our entire year. The Events business is the only business where you are seeing this kind of fluctuation happening and when we got into Events, we had given this heads-





up. Because those are blocky and chunky in nature, they come in a quarter in a big fashion, and then they don't come out in the other quarter. If I look at the steadier part of our business which is music, there has been a steady growth that we are seeing on the licensing side. At the end of the year, we always end up sharing the licensing revenue with you. But licensing revenue is growing at 22-23% per year and it's not flat in nature. It's the other parts of the business, which are chunky. There is Carvaan business that used to be big but has come down because we did not want to have any losses going out there and that business at this juncture is growing at a steady to little de-growth..

**Vikas Tulsyan:**

Sir, so why don't you demerge the music division also, they are so many loss-making division or flat division and the result is.

**Vikram Mehra:**

We don't believe they are loss making divisions. We believe there are serious amount of synergies between the various verticals that we have. That's point number one. Remember there's a big dip in our Company when we are looking at content IP. Saregama as a Company is not only looking at improving numbers in this quarter, but how to keep the Company in a very solid position three years, 10 years and 30 years down the line. So, we are taking all the steps to build the foundation for the next massive story. We don't want to be just a profitable Company but be India's biggest entertainment Company that is also generating large amounts of profit. Our approach is little more long run-in nature. The comfort I can give you is, films and series business is going to be riding a 15% margin this year it's not going to go below that. We have just started the Events business and have requested for time of 18 months. We'll take a call if that number is going up or not. It's critical to the artist management business, and the music business if you are also on the live side. You speak to the same singer and if you can manage the live business also chances are they will also give songs to you., This may be difficult for some of the other competitors if you are not in this business.

**Moderator:**

Thank you so much. The next question is from the line of Sukhriti from Laburnam Capital. Please go ahead.

**Sukhriti:**

Just a couple of questions, one on the minimum guarantees. So, it's great, but they are sort of fading away. And we are going to see largely clean variable pricing-based numbers, any sense of dimensioning how big the fall will be due to that. Second question is, as we see a consolidation play out in distribution platforms, are we concerned that our own revenue share may come under pressure, because for the last few years you've had multiple platforms trying to build viewership, trying to build growth and they may have been a little more generous with payouts, but going forward, would that change and specifically folks like YouTube, or maybe Spotify that become more dominant could you see them squeezing harder. Finally, on Pocket Aces, you articulated your rationale for doing this very clearly. I'm just curious if we did a build versus buy analysis, how do we feel in terms of time and costs that would have taken to build this out organically versus what we paid for it?



**Vikram Mehra:**

So, let me answer your Pocket Aces question first. In the case of Pocket Aces, we indeed debated between build and buy. The issue is, culturally, we are a traditional family culture driven organization. We create content which appeals to the more mainstream audience that wants to watch content along with their families. For me to go back and say that whether within the fold of Saregama we could go out and create content, which is more rebellious in-your-face kind of content, it would be a difficult task. We would have had to go back and start it completely outside Saregama, not leveraging any of the benefits of Saregama. We realized that is going to be a Herculean task, and most likely it is not going to happen. And it's going to take a very long time. So, it's better that if we are able to get the number one player in this particular space, which is professionally run, and has got a formidable reputation in the market. From the cost perspective also right now, may make much more financial sense. And more importantly, we are able to capture that digital audience today when that transition is happening, rather than later. And we are immediately seeing the impact of that. Every major movie studio head has already called us up. And they have taken notice of this fact and congratulated us about how we people are thinking of the future. So, we know that it is going to give us the benefit immediately in the content acquisition space. That's the second part of your question, the first part on the consolidation that may happen on the OTT side. Firstly, I have already stated how big the kitty can be. I will repeat we believe that when the transition is happening from a free economy to a paid economy we are looking at the kitty that we generate from streaming platforms to go up by anything between one and a half to three times in the short run. The dynamic is very simple. I will explain it to you. On average when a free customer listens to a Saregama song, we get paid on an average Re.0.10.. But if you are a paid customer listening to my music, then our deal primarily is that whatever, the customer, has paid to the streaming platforms, around 50% of that is going to be earmarked as content pool. And that content pool will get divided equally among all the songs that you heard during the month. So, now let's take through a number that suppose you are paying Rs.100 to your streaming platform on a monthly basis, which means that content pool is equivalent to Rs.50. An average Indian customer is listening to 64 songs on a streaming platform.. If I look at that number, then everybody gets paid close to Rs.0.80, Rs.0.90 let's not look at that. Let's say you are hardcore customer and you listen to 100 songs in a month that means I get paid Rs.0.50 per stream. Even if you are not committed Rs.100 per month you commit a Rs.50 bucks per month. Then also we get paid Rs.0.25 per stream. So, there is a large amount of upside which is sitting in there with all of us music labels once the movement happens from the free to the paid side. Your other question was, if consolidation happens, remember India is a very competitive market. But if I look at America today, there are only three big platforms playing out there. There's Spotify, Apple, and Amazon, there is nothing else. It's not gone out there and diluted the position of the three of the big music labels that are sitting in there. We have seen a similar situation happening in India, because what we are selling or licensing is not commodity. If you are fan of a song that you have grown up with, or if you have a favorite Shahrukh movie or Amitabh movie or Ranveer movie, then you are going to listen to that song. That song cannot be replaced by some other song on the platform just because my song was not available. You make go out and switch platforms. So, in the IP vs platform game, we strongly believe that we people have equal footing with them.



**Sukhriti:** Got it and really helpful, could you use any dimensioning around the extent to which things should fall as the MG is falling?

**Vikram Mehra:** So, again, it all depends on phasing. You have three of the guys out from whom Mgs have completely gone and we are now building the subscription business there. There are three big guys - the number one, two, three players are still there in the market on the free side. It all depends on whether a single guy goes out and other two remain, in which case it will be all be in a phased fashion. If all three go out, it doesn't make any impact. But that also means that the growth in subscription revenues is going to be that much deeper. So, there may be a big dip for a quarter, but a massive increase coming from maybe the third quarter onwards. If they go behind a paid wall in a phased fashion, then there may be small dips happening over one, two, three quarters and an equally gradual improvement that's happening on the subscription side. All that is a matter of 12 to 18 months, and the endeavor of our Company is that we counter or neutralize the impact of this to whatever extent possible by increasing our YouTube revenues and our publishing revenue.

**Sukhriti:** And could you give us a sense of what percentage of the revenue today comes from minimum guarantees?

**Vikram Mehra:** I can't get into those specifics. But remember there are only three platforms left. Everybody else is behind paid walls and all paid wall guys work on a variable basis.

**Sukhriti:** Got it. And of those three, all of them are at the minimum guaranteed level or could some of them be paying you more than the MG?

**Vikram Mehra:** You are getting into specifics. But what I can tell you is in majority of the cases, in the earlier days when everybody was there on a free side, our MG numbers were typically anything between 90% to -120%. And these deals were renegotiated every year, to ensure that there is some amount of parity which is maintained.

**Moderator:** Thank you. The next question is from the line of Yash Bajaj from Lucky Investment Managers. Please go ahead.

**Yash Bajaj:** I had a couple of questions on Pocket Aces. So, first is that I wanted to understand how different the business model is if I compare it to the traditional Saregama model and it could be really helpful if you could answer that in context with the P&L and balance sheet, that's my first question.

**Vikram Mehra:** So, see our primary business model right now on the music side or the film side was to create IP and license it out to platforms - that's a primary model. We don't take our content to the customer directly; we license it.. The primary business of Pocket Aces is to create content and get brands get integrated into the content. That content is going to be hosted on their own Instagram pages or influencers' Instagram pages. That's why these guys have got a massive strength going on,



on the brand relationships. Saregama wants to evolve in that space, so that we are not only dependent on platforms, but can make some money directly from the brands. When these two strengths come together the net result is more than the sum of the individual parts. Have I answered your question?

**Yash Bajaj:** Yes. So, just to understand, Saregama is more of a catalog model where the catalog is the inventory.

**Vikram Mehra:** Not catalogue model. Catalogue is old content. We are an equally strong player in the newer content. Our business is to create IP, retain the IP and license it. Pocket Aces, on the video side, does exactly the same thing. They also create content, create more content on the web series side, than the film side. But that's a video part of the business, which is a smaller thing. The bigger part again is, they create content and rather than licensing it to anybody they get brands to come right up front. And that becomes a business model.

**Yash Bajaj:** Okay. So, is there anything significant on the balance sheet of Pocket Aces then?

**Vikram Mehra:** No.

**Yash Bajaj:** I am asking from how Saregama creates the IP, and it forms part of a balance sheet?

**Vikram Mehra:** So, our IP does not form part of the balance sheet. If you look at my older songs, we are not keeping them on the goodwill basis right now on our balance sheet. These guys follow the similar model. They charge off the entire cost of the content in the years in which they are creating the content and booked the corresponding revenues, that are coming. I just want to clarify, that we have invested in Pocket Aces, not because of the IP that they have created. But it's because of the digital follower base that they have, which believes in them and the capability to create content, which is relevant to the younger people,. The content that has been created and sitting with them as an IP owned by them is the least of the reasons because of which we have invested. I hope we have clarified that part.

**Yash Bajaj:** Yes, thanks for that. And the second question is, for follow up to Pocket Aces only that are there any exclusive agreements with these influencers or how are the agreements like deals?

**Vikram Mehra:** Typically, artists management contracts for whatever mandate artists is giving you are exclusive in nature. I want to clarify this in continuation with the question that asked - what is the artist looking for, why does an artist want to go out there and sign up with any Company and share his revenue with that Company? There's a reason artist wants to do it - every artist wants to become even bigger. And how do you become bigger? By becoming more visible. Saregama has the ability to make its own artist big but the only access we had till now were to our own music videos. Pocket Aces, the only access they had was to create content for the influencer for the Instagram and the YouTube world. Now content creation for our artist is going to be done by Pocket Aces and for Pocket Aces the creators can now start appearing in the music videos for



Saregama. So, for an artist it becomes the ultimate destination where he or she can become big using the IP creation power of both the companies' combined. Which means Pocket Aces, which is already the number one player in the digital influencer space, should be able to grow that part of the business at a significant pace.

**Moderator:** Thank you so much sir. The next question is from the line of CA Garvit Goyal from Nvest Analytics. Please go ahead.

**CA Garvit Goyal:** Sir, you have earlier guided for 22% to 25% growth if we take the growth segments, then going by that we should have reached somewhere around 900 crore by FY24, but in H1 we did only 340 crore, so although we were supposed to be entirely organic growth, but even if I add Pocket Aces that will contribute in Q4, maybe around 30 crore. So, are you confident enough that we will be able to make the revenue 530 in the second half?

**Vikram Mehra:** 22% to 23% is the growth that we have been seeing for this financial year. You have to give me time till the 4th Quarter. We'll see about 75% of the revenues for the Films verticals coming in that particular quarter. So, for this reason, though there are serious pressures on shorts and the streaming applications going behind the paid wall, we are still hopeful about our growth rates with these acquisitions on a combined basis, though we will get Pocket Aces numbers only for a few months, we should be somewhere close. We're not changing our guidance for 22-23 as of now.

**CA Garvit Goyal:** Understood. And sir secondly on the acquisition of Pocket Aces only, I agree it is beneficial for the Company in the longer term definitely it is going to be as you explained, but it doesn't fall under the intended utilization of QIP, and it is not a music label, it is more of a web series creator. So, with this acquisition, don't you think we are going against the strategy of strengthening our music IP with the songs that were released during 2005 to 2020 making at the time of QIP?

**Vikram Mehra:** At the time of QIP, since I was addressing at that time, I said anything that helps our music business. Now music business has got three arms which are helping music business today. One is just pure IP buying either new content or older content its somebody else's catalog, that's one. Anything that helps me make my position better in terms of acquiring newer content which is the marketing power that you ended up getting it. This is where Pocket Aces fits in beautifully when I now go to a movie studio and say that we want to acquire the content that you guys will be releasing on terms of the song. And we put combined power of 100 million of Saregama on digital side, and another 95 million from Pocket Aces we become that much more attractive, vis-à-vis any of our direct competitors. So, this acquisition is helping us a lot in the new content acquisition space. I'm also telling you there's a third space also out here, which is the AI for technology space. The old ways of buying music is all about going out there and picking up a song, is valid but there are other areas today. It's not just about just getting music but it's about making the music become very big. Their marketing is very important. Technology starts playing a very important role here that tomorrow there's a great AI based firm which has built specialization in that area, we may even look at that - essentially anything that helps our music



business. We are not going to start using these funds for our Films business or an event business or a Carvaan kind of a business, that will all be managed right now through our internal goals.

**Moderator:** Thank you. The next question is from the line of Govindarajan C from CSIM. Please go ahead.

**Govindarajan C:** A couple of housekeeping questions to start with, in your notes to account there is a mention of 15.32 crores of provision written back. Could you tell us where this is directly to the balance sheet or has been taken through the P&L, the P&L that hasn't been accounted for, that's question number one. Secondly, we see a significant increase in inventory in the first half. What is that due to, and the third question is something that you answered many times but just wanted some clarity. What is the total amount that's spent by the industry on music acquisition every year. You've mentioned the number of 800 crores, and you want to be 30% of that. Is this the cash outflow or does it include commitments based on minimum guarantees, etcetera or is 800 crores will be outflow each year that is made by the label. These were my three questions.

**Vikram Mehra:** So, let me answer the third one and let Pankaj take the first and second. The total size of the industry this year of total content sold should be closer to 1000 crore. 800 crore was the number two years back. When we are saying 1000 crore, it doesn't mean 1000 crore cash flow will happen. Typically, when we acquire content, especially on the film side, music is the first right that any of the production house ends up selling. At that time, we just pay a token percentage to block and sign the agreement. Real cash outflow starts happening out closer to the release of the film. But that also means that a movie that we acquired maybe in FY22, or FY23 payouts may have happened, in FY24. Though we had acquired the rights in 2023 but the movie never got released, and hence the songs were not released. So, that answer to your question number three.

**Pankaj Chaturvedi:** On the note that you're referring to, this is in the normal course of business wherein we take provision based on estimates and we actualize that in the subsequent months or quarters. As a good practice, we've been disclosing this. That's question number one. Question number two was on the increase in inventory. This is on account release of film music which we bought and our investment in Yoodlee Films.

**Moderator:** Thank you so much. Ladies and gentlemen, we would take that as our last question. On behalf of Emkay Global Financial Services, that concludes this conference. Thank you for joining us and you may now disconnect your lines.