

SAREGAMA INDIA LIMITED

MUSIC • FILMS • TELEVISION CONTENT

ANNUAL REPORT 2017-18



CORPORATE INFORMATION

BOARD >>>>> OF DIRECTORS

Mr. Sanjiv Goenka (DIN: 00074796)	Chairman (Non-Executive)
Mrs. Preeti Goenka (DIN: 05199069)	Non-Executive Director
Mrs. Sushila Goenka (DIN: 00087692)	Non-Executive Director
Mrs. Avarna Jain (DIN: 02106305)	Non-Executive Director (w.e.f. May 29, 2018)
Mr. Umang Kanoria (DIN: 00081108)	Non-Executive Independent Director
Mr. Bhaskar Raychaudhuri (DIN: 00277913)	Non – Executive Independent Director
Mr. Santanu Bhattacharya (DIN: 01794958)	Non-Executive Independent Director
Mr. Arindam Sarkar (DIN: 06938957)	Non-Executive Independent Director
Mr. Noshir Naval Framjee (DIN: 01646640)	Non-Executive Independent Director
Mr. Vikram Mehra (DIN: 03556680)	Managing Director
Mr. Ghanashyam Bhagwan Aayeer (DIN: 00087760)	Whole-Time Director and CFO (upto May 28, 2018)

Chief Financial Officer (w.e.f. May 29, 2018)

Mr. Vineet Garg

Company Secretary (w.e.f. August 4, 2017)

Ms. Kamana Khetan

Statutory Auditor

BSR and Co. LLP, Chartered Accountants
(ICAI Firm Registration Number - 101248W/W-100022)

Internal Auditor

Ernst and Young LLP

Secretarial Auditor

MR & Associates

Legal Advisor

Khaitan & Company

Registrars and Share Transfer Agent

MCS Share Transfer Agent Ltd., 12/1/5,
Manoharpukur Road, Kolkata - 700026, West Bengal.

Bankers

United Bank of India
State Bank of India
ICICI Bank Limited

Registered office

33, Jessore Road, Dum Dum,
Kolkata - 700028, West Bengal.
Phone: (033) 2551 2984, 4773
e-mail: co.sec@saregama.com

CIN : L22213WB1946PLC014346

Website : www.saregama.com

Regional Offices

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Fax No. : (033) 2212 8911
- 2nd Floor, Spencer Building, 30, Forjett Street,
Grant Road (W), Mumbai - 400 036
Phone : (022) 6688 6200
- A-62, 1st Floor, FIEE Complex, Okhla Industrial Area,
Phase - II, New Delhi - 110 020
Phone : (011) 4051 9759
- Door No. 2, 3, 4 & 5, 3rd Floor, Kasi Arcade,
No. 116, Thyagaraya Road, T. Nagar, Chennai - 600017
Phone : 044 -28151669 / 28151670 / 28151672 / 28151675



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REPORT OF THE DIRECTORS'

**WITH MANAGEMENT DISCUSSION
AND ANALYSIS**

MANAGEMENT DISCUSSION & ANALYSIS

This Report includes MD & A as appropriate so that duplication and overlap between Directors' Report and a separate MD & A is avoided and the entire information is provided in a composite and comprehensive manner.

INDUSTRY DEVELOPMENTS

- Global music industry grew 3rd year in a row with 8.1% growth in 2017
- Streaming is the global growth catalyst with 3rd year of over 40% growth
- Indian music industry is also on an upswing. 2017 witnessed the biggest growth in a decade. E&Y FICCI report projects it to grow at 18.6% over the next 3 years
- Indian music growth is triggered by rising smartphone penetration (350M) and falling data costs (₹ 5/GB)
- Same factors are slowly triggering the growth of online video consumption

COMPANY STRATEGY >>>>>>

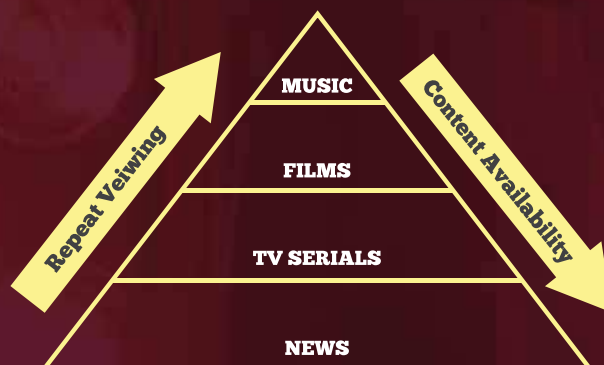
MONETISE EXISTING IP BETTER, BUILD IP FOR TOMORROW

1 **GREATER MONETISATION OF EXISTING IP** (1.2 Lac owned songs & 4100 hrs of Tamil Serials)

- Through greater presence on all 3rd party digital and TV platforms
- Launch of Saregama branded physical products with embedded music

2 **BUILDING OF NEW IP**

- Through new film music acquisition across Hindi, Tamil and Marathi languages
- TV programs in Tamil language
- Low budget thematic films targeted at youth with primary exposure on digital platforms



Saregama's Focus : Music & Films

IP MONETISATION

PHYSICAL B2C >>>>>>

The production and distribution of CDs has rapidly dwindled and has created a need gap in the market which Saregama is rapidly fulfilling. The company's research confirmed that people over the age of 40 prefer retro music but want a hassle-free and lean back listening experience along with a technologically agnostic convenient way to consume music. To tap this unfulfilled demand, in 2017, Saregama introduced an innovative Bluetooth speaker based digital audio player under the brand name Carvaan; which took the market by storm immediately on its launch. It is a personal music player with 5000 pre-loaded songs and other features like USB, FM and

Bluetooth. It is affordably priced at ₹ 5990/- and ₹ 6390/- basis the colour variants (available in 6 colours). The company supplemented Carvaan with another product, Carvaan Mini in a lower price range with 251 embedded songs. The company sold 387,000 units of both these products even before the advertising in mass media started. To support sales of Caravan and its variants, a pan India dealer network has been established. As of end of 2017, over 9800 outlets have billed at least one unit. Looking at the interest for Carvaan from international diaspora, the product has also been launched in USA, UK and Canada. The product has been also extended to cover regional markets with the launch of Marathi, Tamil & Bengali versions.



The market sizing for Carvaan has been defined as Homes in India that satisfy the all the below criteria:

- Have atleast one person above the age of 40
- Can afford buying the product
- Speak the language in which Saregama has music catalogue strength

Our analysis puts the market size to 25M. Company's target is to reach a large majority of these homes in the next 5 years. To enable the same, we plan to launch multiple Carvaan variants (languages and price points). Carvaan will always remain proprietary to Saregama without any real threat of competition as nobody else has rights to offer retro Indian music in the physical format.





IP MONETISATION DIGITAL >>>>>>>

As per the E&Y-FICCI - Indian Media and Entertainment Industry Report 2018, alongwith digital sale of music of about 65% in 2017, India has now overtaken the US to become the world's second-largest smartphone market after China. Falling data rates led by cheap packs introduced by the telecom companies and smart phone population going up, has attracted all major streaming players like Google, Apple, Amazon, etc. to India. Other major players like Spotify are also putting their act together for entering India. This bodes well for the large audio content owners like Saregama. Riding on the popularity of its evergreen catalogue, the OTT streams for company's content grew by 40 % last year and is expected to grow further with consumers increasingly preferring such OTT platforms to pirated sites.