

**Date: 21<sup>st</sup> May, 2026**

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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: Q4FY26 Earning Conference Call-Transcript**

Dear Sir/ Madam,

In continuation to our communication dated 7<sup>th</sup> May, 2026 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**‘SEBI Listing Regulations’**), please find enclosed the transcript of the Q4FY26 Earnings Conference Call held on **Thursday, 14<sup>th</sup> May, 2026** at 03:00 P.M. (IST) for the quarter and financial year ended on 31<sup>st</sup> March, 2026.

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

You are requested to kindly take the abovementioned on record.

Yours Faithfully,  
For **SAREGAMA INDIA LIMITED**

**Nayan Kumar Misra**  
**Company Secretary and Compliance Officer**  
**Membership No: A26243**

**Encl: As above**



“Saregama India Limited  
Q4 FY26 Earnings Conference Call”

May 14, 2026

Transcript



**MANAGEMENT:** **MR. VIKRAM MEHRA – MANAGING DIRECTOR**  
**MR. PANKAJ KEDIA – EXECUTIVE DIRECTOR –**  
**INVESTOR RELATIONS**  
**MR. KULDEEP KOTHARI – DEPUTY GENERAL**  
**MANAGER – FINANCE**

**MODERATOR:** **MR. PRANAV KSHATRIYA – EMKAY GLOBAL**  
**FINANCIAL SERVICES LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Saregama India Limited Q4 FY26 Earnings Conference Call hosted by Emkay Global Financial Services Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pranav Kshatriya from Emkay Global Financial Services Limited. Thank you, and over to you, sir.

**Pranav Kshatriya:** Good afternoon, everyone. I would like to welcome the management and thank them for this opportunity. We have with us today, Mr. Vikram Mehra-Managing Director and Mr. Pankaj Kedia-Executive Director, Investor Relations.

Now I shall hand over the call to the management for their opening remarks. Over to you.

**Vikram Mehra:** Thank you, and a very good afternoon to all of you. Quarter 4 of the financial year saw revenue from operations at INR 287 crores with a YoY growth of 19%. Our highest ever adjusted EBITDA at INR 133 crores with YoY growth of 31% and operational PBT at INR 105 crores, which is a YoY growth of 37%.

Let me start with music. Global recorded music grew close to \$32 billion in 2025 according to IFPI, with India still under 2% of that despite housing 18% of the world's population. We in India are operating in the most underpenetrated large music market on earth and Saregama's entire strategy is built around that 20-year opportunity that is sitting in front of us.

If I look at FY26, the overall music vertical and for the sake of simplicity, now onwards, when we talk about music vertical, we'll combine everything in it, music licensing, artiste management & retail business. All the 3 core elements of music are going to be there under the music vertical.

Together, it recorded revenue of INR 814 crores, which was 17% YoY growth and annual EBITDA stood at INR 517 crores with a 22% YoY growth and an annual net margin of INR 377 crores, which was a 28% YoY growth. This is music vertical overall, licensing, artist management and retail.

There was some concern that was expressed at the end of quarter 2 from multiple partners and investors about the music vertical growth trajectory. And at that time, the management team had attributed it solely to the phasing of the music content releases. Post quarter 2, as the content started getting released in Q3 and Q4, Saregama is back on the growth track.

The other factor that really helped us in this quarter 4 growth rate is moving out of Airtel Wynk revenue in the denominator. In FY'25, Q4 did not have Wynk revenue, which helped us a lot. So, we are completely out of the cycle of free platforms shutting down, and that has started

showing in the growth numbers of our music vertical. In fact, H1 has seen a growth of 8%, while H2 has seen a growth of 26%.

What I'm proud of sharing is that H2 it also became a big testament to our music business guiding principles. When Dhurandhar 1 song started picking up in the month of December, we went all out building them further using our digital marketing muscle. The Pocket Aces digital footprint played a massive role here. This ensured that the success of the album was extended over a much longer duration.

Today, even after close to five months of the release of the album, we are still daily generating 6 Mn streams on the audio OTT and 11 Mn views on YouTube. Shararat stays as the number 1 global position. I'm repeating number 1 global position on YouTube even today. We very strongly believe within the company that hit songs don't come every day. But when you get one, and in this case, we got a full hit album, we have to really make it count by pushing it aggressively in terms of marketing and promotions.

The second principle within the music vertical that I reiterated multiple times in front of all of you that we very strongly, in Saregama, believe that the music purchase has to be done only with a financial lens in front of us and never that of vanity.

After the massive success of Dhurandhar 1, it was very tempting for us as a company to also go for Dhurandhar 2 music. In fact, there was a lot of peer and partner pressure around it. Everybody expected Saregama to go and buy Dhurandhar 2 music. And I'm very proud that the acquisition team stood its ground and refused to buy the album because of the pricing.

The expectations of the producer just did not fit into a five-year payback guideline. And we said no. And I'm proud to share our position actually stands vindicated today. We did the right thing by not going out there and picking it up. So, as we continue growing the music vertical, we are steadfast in maintaining that we will grow it, keeping in mind strong economic principles and never do things which are coming out of vanity.

Overall, the company released close to 1,200 original and premium recreations across Hindi, Bhojpuri, Punjabi, Tamil, Telugu, Malayalam, Marathi Bengali languages, etc. Our spends this year on new music content was close to INR 235 crores and another INR 105 crores was spent on doing inorganic purchases of various small and mid-sized catalogues.

Our spend of INR 235 crores on new content was lower than what we had planned, and this specifically happened because some of the bigger movies that we had planned to release in Q4 actually got pushed. I think the biggest name will be Sanjay Leela Bhansali's Love & War and Telugu Superstar, Nani's film Paradise.

During this quarter, the company completed its strategic investment in Bhansali Productions through a significant minority ownership. With the valuation linked to the financial performance of the Bhansali Production Company over the next 3 years. This arrangement provides Saregama with an exclusive access to marquee Hindi film music at a predictable cost based on a predefined formula.

There is a terrific lineup of films planned by Bhansali Productions. This, in turn, ensures that Saregama secures our A and B+ Hindi film music album requirement for the next 24 to 30 months. We won't have to go hunting in the market for it. Our overall lineup for FY27 includes the delayed and now scheduled album of Love & War of Mr. Bhansali, Dharma productions starring Kartik Aaryan called Naagzilla, Rajinikanth's next Tamil film, Sivakarthy's Tamil film Seyon, Nani's Telugu expected blockbuster Paradise, amongst others.

During the year, we also want to further consolidate our leadership position that we got with the acquisition of Nav Haryavni. And this year, we plan to go back and build that one weakness that we had, we want to fill in that gap, which is Punjabi Music.

And we have done our homework over the last six months, debating on what strategy to adopt. We are confident we have something good coming our way now. And hopefully, the results will start showing within the next 2-3 quarters. Overall, we continue with our guidance of a 5-year payback period, followed by anything between 55-75 years of returns.

Music catalogue globally is increasingly being treated as an infrastructure-like inflation-linked asset. It's long term, it's predictable and its value keeps on going up as platforms keep on increasing their own subscription prices. And that's the reason why institutional capital from the likes of Bain or Apollo, KKR is now flowing into this space through various kinds of JVs and direct catalogue purchases. All of this is happening at this juncture globally. We at Saregama with 180,000 song catalogue growing at 5,500 new releases per year, is exactly the kind of asset that compounds value over decades.

Let me touch the subscription part of the audio business. This year saw a focused effort by platforms like Spotify, YouTube and Saavn to build paid subscription revenue. The net result was an improvement in Saregama's revenue despite revenue from the free remaining flat. If we have been able to go back and show growth, subscription has already started playing a role there.

A recent Indian customer study that was conducted and shared by E&Y and IMI stated that 64% of free music customers in India are ready to shift to a reasonably priced paid service if all free services in the market stop. Now, this is the data right now which has been shared in the latest FICCI report also. It just revalidates what we all believe in. Indian customer is not stingy. Indian customer values music and is ready to pay. But if the free option is available, people always prefer the free option. But the moment free option goes away, Indian customer is ready to pay.

We maintain our bullish position on the subscription growth in the country. Just to put it in perspective, the paid streaming penetration is 67% in Sweden, 57% in U.S., 50% in U.K., 19% odd in Brazil and China versus less than 3% in India. This is according to the Goldman Sachs estimate, and this is a percentage of the Internet users in any country. With every percentage point of penetration translating to 14 million paying subscribers, the runway in India is structurally larger than any other larger market in the world and Saregama plays in this market.

The other part that everybody wants to talk about is AI. While at Saregama, we are watching this space carefully and have not committed any significant capital to it at this moment. Our position in the company is that owned music, which is artist-driven premium music, is going to

become far more valuable and not less valuable in this AI-driven world where a lot of AI flock is coming in.

Authenticated, human-created music with clear provenance becomes a premium asset because customer at the end of the day is not just relating to a song, customers also relate to the artist behind the song that artists might be the actor on whom the song is picturized or the singer who has gone out there and sung the song.

This is something that this mass generated AI flock which is spreading the ecosystem can never provide. So, in the long run, companies like Saregama with having the most premium catalogues of the country across multiple languages is going to become even more sought after from the song value perspective.

At the same time, we are realizing that AI is creating new licensing opportunity as can be witnessed by the deals signed by various global music labels with various generative AI platforms. At the right time, we will also engage commercially with many of these people. So, it may become one more way in which our IP can be monetized.

I'd also like to share that we have recently launched a dedicated AI efficiency team headed by a very senior tech person from the company. This team is analysing every people-heavy process in the company, every area right now, whether it's infringement tracking or any other operations part and is finding smarter AI-based solutions that can improve the overall efficiency and effectiveness of all these processes.

As promised, Pocket Aces has reached breakeven this year. We are committed to it. Pocket Aces team was committed to it, and I'm very proud that we finally went out there and delivered to what we have promised. The company has started making money, and we believe that as we will go forward, the profitability of the company will start going up. This is over and above the benefits Pocket Aces ends up offering to the music business and the live events business of Saregama. All those benefits are accruing actually more on the Saregama side.

While global majors are today talking about expanding artist brands beyond streaming, we have been quietly building it over the last 3-4 years. And today, it's already a meaningful EBITDA contributor through our artist management, live events and brand partnerships vertical.

Artiste management, the newer vertical under music works by making artists popular through our IP releases and then monetizing them via booking for live events, weddings and more importantly, brand endorsements and Saregama gets a share of it.

During the quarter, we added another 30-odd artist, taking the total artist managed by the company to 300+. And these artists combined have over 400 Mn. follower and subscriber base on digital world. Our investment in content goes up, so does the investment in the artist. In that case, the artist ends up making money for us, not just from the music, but also from their presence in various live events, brand partnerships. So, that becomes a second vertical through which you can go back and monetize the artist.

Live Events, the other verticals that people are using to extend our relationship with the artiste, ended up launching its 1<sup>st</sup> music festival IP called UN40 in this quarter. Instead of competing with other festivals that are there in the market, we position our festival uniquely as a destination for only people under the age of 40 and hence the name UN40.

Also, instead of bringing an international artiste to perform as a music festival, we took a conscious call that we will work only with the Indian artists. And rather than treating it as a weakness, we've built it as a unique positioning of the UN40 festival and that positioning helped.

Also, every other festival in the country has a particular format in which artists come out there and perform during festivals. We turned on his head and said that apart from the artist performing, we will also have standup comedy acts in it and we will have physical interactive games along the lines of what Takeshi Castle used to do in television earlier. So, there were games where multiple people were participating with each other in a funny enough fashion.

And I'm proud to say all these gambles that people had taken for UN40 actually worked. We generated 12,000 footfalls along with 8 sponsor brands coming on board. And remember, this is season 1 of this festival. We plan to nurture this festival further and make it even bigger in FY27. We expect this IP to break even by FY28.

Overall, live events vertical during the year saw a revenue of INR 62 crores. I accept that this revenue number is far lower than FY25. But please keep in mind, FY25 had a one-off event, which was Diljit Dosanjh's India tour. These kinds of tours don't happen at that frequency. So, if I remove that one-off revenue out, even the live vertical has seen growth this year.

FY27 will see us launching a series of small concerts under the Carvaan Live branding, targeting middle age and older audiences that enjoy a sit-down premium music listening experience. We are also increasing our focus on the American market. Tours with Ilaiyaraaja, Sudesh Bhosle and Anuradha Jju have already been announced.

Globally, music labels are increasingly focused on monetizing super fans. In fact, Luminate research shows superfans spend 105% more than the average listener and 73% of them buy physical merchandise. Carvaan Live and our diaspora focused tours in America target exactly this audience segment within the Indian context, older, financially comfortable and willing to pay a premium for curated experience with artists they grew up listening to. Our long-term belief in the potential of live events keeps getting reinforced every quarter, and we will continue upping our focus in this area.

Brand partnerships. As mentioned last time, we have created a new vertical called brand partnerships in order to maximize revenue from the brands across the various businesses that we have, which is music, live events and short-format videos. In this last quarter, we partnered with brands such as Skoda, Lakme, Hero, Open AI, Coca-Cola, Ajio and more.

Let me talk about the last vertical, which is video. On an annual basis, the video vertical has declined by 44% to INR 108 crores. Let me very clearly state this. This decline is by design and has not happened by chance. We have shared this with many of you guys in the past that early last year, we took a conscious call that we will wind down our own in-house film production

business that we were doing under the Yoodlee brand name. And instead, will invest in a production house.

During the year, we zeroed down on a potential partnership with Bhansali and went ahead with that. That's the only reason why you are seeing a serious decline in the video vertical, and we are happy with this. We don't expect video vertical to go up substantially within the company. The focus will stay primarily on TV serials and the digital content only, primarily short format. All our film ambitions and hence, our need to secure music of big films, that ambition is going to be fulfilled only through our partnership with Bhansali Productions.

As I come to the close of my address, what I'd like to share with you is that India is at an early stage of global streaming curve. And keep in mind, this is a feature and not a bug. It means our growth is driven by subscriber expansion, ARPU expansion and also format diversification simultaneously. While the mature Western market primarily depends only on price hike today, we have 3 ways in which we know our revenue is going to go up.

With that in mind, over the next few years, Saregama will continue investing in new music content. This will contribute not only to the immediate growth but also put the company on a long-term growth path.

For the music vertical, which is licensed music, artist management and retail, all combined, we continue with our medium-term guidance of 20-23% CAGR in terms of revenue with our annual EBITDA guidance for this vertical being anything between 60-65%.

Saregama's growth narrative will continue to be steady in the medium to long term, thanks to the ever-increasing digital consumption, both in terms of new customers joining the market and existing customers consuming more. With over 650 Mn internet users in India, our cash reserves, professional managerial depth and access to the soundtrack of the best film, we will be able to drive earnings not just for the next 2-3 years, but for the next 20- 30 years.

Thank you, ladies and gentlemen. Happy to take questions.

**Moderator:** Thank you very much. Our first question comes from the line of Abneesh Roy from Nuvama. Please go ahead.

**Abneesh Roy:** Congrats on very good numbers. My first question is on the two things which you highlighted. First was weakness in Punjabi. So, I wanted to understand why this segment has been a bit on the lower side. Is it because it's niche market or more competitive or more expensive? And how much allocation you plan over the next two years in this? And second is on AI IP monetization. How big can this be? Any examples from the developed market? And if you can talk more about this? That is my first question.

**Vikram Mehra:** Okay. On the Punjabi side, we have experimented getting to this market twice over the last six years. And I'll be honest and confess that our strategy never worked out. Any market that we get into, we need to keep a very tight balance between market share and the return on investment, which is a five-year payback principle. The market is a very expensive. But we also understand

that if you get it right, the monetization happens not just from Punjabis living in India, but from U.S., Canada and U.K. also.

Now we have been able to crack a model whereby we are working with more and more artists in a fashion that we do a combined deal with them, both for the recorded music as well as doing live events with the same artists. This is where Saregama starts getting uniquely placed compared to all other peers in that market because we're the only guys who are playing across both recorded music and live.

And I'm fairly confident, hopefully not overconfident, that we will be able to crack it this time. Maybe by the end of the year or end of quarter 3, we'll be in a better position to share our performance with you. Anyway, if you start following us on any of the social media, you will have the answer faster than even I can share with you.

You were asking about AI. See, what we are very clearly seeing that all this AI flock, which means purely AI-generated content, which is from engines which have not been trained on any of the international music catalogues, that kind of content has come in a very big fashion. It's there across all platforms.

But the fact of life is, it's seeing no traction and all the music labels globally and in India are working very closely with the leading three global streaming platforms, making it very clear that when the content pool is going to get distributed across the labels, no value should get assigned to content which is getting generated purely or through AI.

So, there is no revenue leakage today. There is no market share loss happening today. And we are hopeful that platforms and IP owners will come to a reasonable agreement, whereby the royalty money or the content pool money will get distributed only to genuine IP and not the AI flock. Hopefully, I've answered your question.

**Abneesh Roy:** My second and last question will be you spent INR 235 crores on new content, given some of the movies which you said have been pushed to FY27. What will be the budget for FY27? And in terms of Airtel Wynk that service ending essentially, where would that customer for you would have gone? Any idea on that?

**Vikram Mehra:** So let me answer the first question. It's also part of the presentation that we are expecting our new content budget to be anything between INR 300-350 crores this year. That's a range it will be in.

As for Airtel Wynk is, Airtel Wynk shut in November '24. The customers have already got distributed across the other platforms. What I can tell you, which are the other platforms. It will be wrong on my part to tell you it didn't exactly move. That's a platform prerogative. There's Spotify, there's Saavn, there's Amazon, there's Gaana, there's Apple and then there's YouTube.

**Moderator:** Our next question is from the line of Kavish Parekh from 360 ONE Capital.

**Kavish Parekh:** Congratulations on a great set of numbers for two quarters in a row. My first question pertains to one of the notes accounts you put. You seem to have written back provisions worth INR 99

million during the quarter. Could you share what do the provisions pertain to and where exactly is the impact reflected?

**Vikram Mehra:** This is something that happens every year. What we do is during the year, we build up a position on the provision side. And when the actual consumption data comes out, that's the time we are in a better position to decide how much royalty has to be paid or not pay.

Remember, I've shared this in the past, today when all the new content is being bought, royalties are to be paid only on the Hindi film music. All the South Indian content and Hindi non-film content is onetime payment content and there's no royalty overflow that happens. But actual consumption reports from the platforms come at a much later stage. And that's why this is a natural process that happens every year. So, whenever the reports come in, we have to go back and clear it.

**Kavish Parekh:** So, does this in any way impact your revenue items? Or is it entirely on the royalty line item, the cost side of it?

**Vikram Mehra:** So, see, I forgot to mention is you congratulated us on a Q3, Q4, you need to congratulate us on Q1 to Q4 because it very often happens is that some of the stuff right now, which we had taken a provision in Q1 actually got unwinded down in Q4. So please, every time when you're looking at our numbers, please Saregama's numbers always have to be looked at on a rolling 12-month basis. So, all these kinds of factors start going out of the window.

Even advances, another example I can throw in on a 12-month basis is when you're looking to look at a cash position, there are times right now when the advances come in and then finally, the advances position is getting winded down. If we are going to be looking at on a QoQ basis, you will see a serious amount of ups and downs there. So, it's best always evaluate our numbers right on a 12-month basis.

**Kavish Parekh:** No, sir, I understand that. What I'm trying to understand is, is this one of the provisions write-back, does this sit in your revenue? Is that the reason for the 42-odd percent EBITDA margin that you reported? Is this in any way aiding your growth? Or is it only on the margin front?

**Vikram Mehra:** It's all sitting part on cost structure only.

**Kavish Parekh:** Nothing in the revenue?

**Vikram Mehra:** These are all cost structures which are getting winded down.

**Kavish Parekh:** Understood. Pretty helpful. Second, on your disclosures on Page 20 of your deck, thanks for the clarification at the start of the call that music now includes licensing retail as well as artist management. Here, could you please explain the movement in margins? What explains the sustained move in margins here from about sub 60% a few quarters ago to 60% and then the sharp jump to 68% today. Would you be able to attribute this to any particular vertical, say, licensing or artist or retail? Or is this broad-based across the three?

**Vikram Mehra:** If you see right now the segmental results, you will realize we have also shared the individual results there at all times. So, you know exactly out of this how the margins have changed right now on the artist management part.

Also, when you're looking at my margins, once again, please look at it on a four quarters. Q4 looks like that much better than a Q2 or Q1. But the fact of life is it's about when the content got released in some quarters, the cost of the content is being recognized, but the revenue is going to be flowing in, in the next quarter onwards.

Overall, we had mentioned this that we were at a stage whereby we were really scaling up our content investments as for new music is concerned. As we people go forward, as we look at FY28 to FY30, we believe that our content investments should go up only at closer to the rate of inflation because we will be in a good position of a 25-30% market share of the new content. As the new content investments start going up in a linear fashion and not a step function fashion, you will see that first EBITDA and then PBT will start flowing the growth trajectory of the revenue growth.

**Kavish Parekh:** Understood. Last question from my side. Organic content spends this year stood at about INR 285 crores, but the cash flow in the PPT about INR 186 crores. I understand the difference here pertains to the marketing spend. But your nine-month PBT mentioned about INR 228 crores in the PBT cash flow. So that INR 228 crores seems to have come down to INR186, could you explain this?

**Vikram Mehra:** This one can I take offline with you? Because I'll have to go through all the numbers and you mentioned 9 months. But broadly speaking, what we are sharing with you is the investment. When you say the investment, it is in terms of the music that got released during the financial year. The charge-off that we are taking right now will be connected not just to the music that got released this year, but also the charge-off of the music that got released over the last few years because we write off our music charges on the content side over a period of 10 years, while marketing gets written off in the same year.

**Kavish Parekh:** Understood. Sure, let's take this offline.

**Moderator:** Our next question comes from the line of Aanchal Jalan with Lotus Wealth Family Office.

**Aanchal Jalan:** Congratulations on good set of numbers. So, sir, in the last con call also, you had discussed that there is a potential of around 100 million paid subscribers in India. And now also you said that 64% of free music users are ready to switch to paid subscription. So, say, hypothetically, if there are around 10 million paid subscribers in India, what would be our share in it in percentage terms?

**Vikram Mehra:** Ma'am, I can't go out there and share my market share in the market today. But remember, we are not getting the subscribers. Spotify is getting the subscriber. When a Spotify subscriber is listening to music during the month, we get paid based on the market share of what subscriber heard during the month. Are you with me?

**Aanchal Jalan:** Yes, sir.

- Vikram Mehra:** I don't own the subscriber. I partially own the consumption of that subscriber on that platform.
- Aanchal Jalan:** Yes. So, can you give me some context like what would be our share in it, as in our consumption share in it?
- Vikram Mehra:** At this juncture, the other data point I can go back and share with you that in terms of revenue, which is coming from the music side, we are the second largest company in the country after T-Series. As far new music is concerned, new music being defined as the music that were released over the last 12 months, we have number 1 position across multiple languages in the country.
- Moderator:** Our next question comes from the line of Avnish Sharma with JM Financial.
- Avnish Sharma:** So, congrats on the good set of numbers. I have a few questions. So, if you see a bit of history, the revenue for Q4 FY24, the growth was around 40% at the time. But after that, the growth has remained subdued in terms of revenue. But it has improved over the last two quarters. So, my question is, should we expect the current trends that we have in revenue to continue in the coming quarters? Like how should we look at the numbers going ahead?
- Vikram Mehra:** I'm assuming you're talking about the music vertical.
- Avnish Sharma:** Yes, music vertical, yes.
- Vikram Mehra:** For music vertical, I have stated this in the past also that our growth was getting subdued, in fact, I'll say, over the last two years now, primarily on account of the fact that a lot of free streaming platforms had shut down. And their revenue numbers were sitting as part of the denominator, while those things were not available in numerator at all.
- So, you had four different platforms changing shape and form, some shutting down, some going fully behind the paywall. That effect is completely over, which is the reason that it gives us the confidence to give you a guidance of 20-23% growth coming as overall music vertical, which is licensing, artist management and also including the Carvaan business in this. So, we are fairly confident. You will again have a quarter here and a quarter there. But on a full year basis, we will live up to these kinds of numbers.
- Avnish Sharma:** Understood. That's great. The second question is on the margins in the music segment. So, there is a significant uptick in the margins this quarter. So just wanted to understand the reason for the same.
- Vikram Mehra:** So again, please don't look at from the quarter perspective because -- like a very good example will be Dhurandhar. Dhurandhar got released in the month of December. So, the entire marketing cost of Dhurandhar is sitting in Q3, while it got released in the end part of December. A lot of revenue upside is sitting in Q4, while the marketing got written in Q3. So, whenever you're looking at us, please look at us on a four-quarter basis. That gives some sign of uniformity. Otherwise, it is very difficult to explain.

- Avnish Sharma:** Yes. Understood. My last question is in terms of the competition; we see the non-digital revenue has increased significantly for the competition. Just wanted to know our split of digital and non-digital trends over the past three, four quarters?
- Vikram Mehra:** Yes. So, we don't disclose a digital, non-digital, but all I can go back and tell you, and you can check this from non-music label. So don't ask me or any of my competitors. Go to the normal industry people and check out. The largest absolute number of non-digital revenue in the country still comes to Saregama. In fact, on digital, I'm number 2, I'm not number 1. On non-digital, I'm number 1.
- Moderator:** Our next question comes from the line of Prateek Poddar with Bandhan AMC.
- Prateek Poddar:** Could you confirm, Vikram, that we had this headwind of discontinued platforms in the base. That is now over. Is that a fair understanding?
- Vikram Mehra:** Yes. It's over. There's no platform sitting out there now in our denominator.
- Prateek Poddar:** Okay. The second question, just on event business. While I understand and appreciate that this is a lumpy business from a revenue perspective, this quarter, I saw a loss in the events business. That was something which I couldn't understand.
- Vikram Mehra:** I added as part of my opening commentary. We launched our first festival IP this year. Typically, festival IPs take anything between 3-4 years to do a breakeven. That loss is all primarily because of UN40. I expect this trend to continue. Only in FY '28, do we expect the festival to do a breakeven.
- But every time you have any bit of a debate on a festival, just look at the Coachella number and then you start realizing that festivals take 5-7 years to build. But after that, they become massive profit machines. Because the biggest beauty of festival is you're not dependent on any one individual artist. You can keep on changing artists because the festival is bigger than the artist.
- Prateek Poddar:** Understood. And this would be a quarterly phenomenon, right? It's not for the year. I mean, the UN40 festival, which I heard.
- Vikram Mehra:** UN40 will be an annual phenomenon. We may end up launching another one or two festivals if we believe there's a decent opportunity there. But UN40 is an annual thing. We have already announced UN40 for February '27.
- Prateek Poddar:** Okay. Once in a year, right?
- Vikram Mehra:** Yes.
- Prateek Poddar:** Okay. And is there a budget of amount of losses you would want to keep aside or let's say, the investment, it's not losses, it's actually investments for the future. How much would you want to keep aside?
- Vikram Mehra:** Let's put it this way. You have seen the numbers now. And this was year one and year one takes the largest amount of losses because we are trying to establish. Now there are already

expectations. We know brand revenues are going to go up further. We know the number of tickets we be able to sell are going to go up further. So, the losses are going to come down, they're not going to go up on a festival-by-festival basis.

So typically, if one is running the festival business in a financially prudent fashion, after year one, you need to take a call, is it working or not? If not, shut it down. If it's working, year two, you make it bigger, but your losses come down.

**Prateek Poddar:**

Superb, superb. And last question, just on the video segment, given that you have already called out that we would be going through a production house and you will be winding down the video business, how should I think about capital employed and then overall margins, right? I think you called out segmental margins and you did give a guidance. But the revenue mix change is, right? Essentially, a lot of our revenue now comes from music plus artists plus retail and a bit of events and video sits with the production house. So how should I think about the company you're going with?

**Vikram Mehra:**

So, the guidance that I've given right now is for the EBITDA margins only of the music vertical and nothing else. Video part, listen, we are still going through this churn stage. It will take us a year or something to stabilize. The Bhansali production numbers are going to get entered into our books right now in terms of share of net profit of associates accounted for using the equity method. That's a line which we are going to be putting the numbers of our partner company.

Our own video vertical, we are not greenlighting any major new projects. Whatever was there in the pipeline, that's the only thing we want to complete in FY27. Our focus will continue on the shorter format and TV series and digital series business. That business typically, if it's run well, should always be a profitable business. And in the past, we have always been profitable in that part of the business. You're looking at margins that are anything between 8- 18% Net Margin.

But very little capital actually gets allocated to TV business. You take advances most of the times. You take advances from the platforms or the TV channels and make content using that. The only place where we end up taking some of our own bets, which is numbers which are running into lakhs, not even crores, is what we do on the short format side.

From the capital allocation perspective, to answer your question, we had earlier indicated to you guys that between our video vertical and the live vertical, the total capital that will get allocated will be around 18% of the total capital deployed. That number is going to go down dramatically, will be in the mid-single digits now.

**Moderator:**

Our next question comes from the line of Yash Bajaj with Lucky Investments.

**Yash Bajaj:**

Congratulations on a great set of numbers. My first question is on our plans of the INR 1,000 crores spend on new content acquisition. So, should we consider FY27, I mean the fagged years for this kind of investment if we take FY25, FY26, FY27 cumulative numbers?

**Vikram Mehra:**

Yes, you're absolutely right. FY25, '26, '27 was INR 1,000 crores odd, and we will be in that ballpark in that space only. Our intent is from FY28 onwards increase it only in a linear fashion

and no more step jump in new content investment. We are happy with the current 25-30% market share that we have of the new music coming out in the market.

**Yash Bajaj:** Got it. Understood. Thank you for actually kind of giving a detailed explanation of how the music business and the EBITDA margins and profit margins look like. My only question here is that what is the difference between music EBITDA percentage and music net margin percentage? Is it that the music EBITDA percentage has marketing and production?

**Vikram Mehra:** If you see that specific slide in the presentation, we have written about it. So, music net margin is EBITDA less content charge. So, so marketing and other cost have been considered but the content charge we are taking for the newer content has not been deducted when we calculate EBITDA, you deduct that, you get the net margins.

**Yash Bajaj:** Okay. Understood. And just a question around this as well that now that -- like you mentioned that we have to look at the P&L on a rolling four-quarter basis, if we take FY25 music net margin percentage compared to FY26 music net margin percentage, there is an increase from 42% to, I think, 47-48%. So, what explains that 600 bps improvement, if you can help us understand that?

**Vikram Mehra:** So, all verticals and the biggest vertical remains the licensing vertical. What you are seeing is that initial year's content investment that we had done, it's the heavy lifting of the charge that we are taking had taken had happened in '25. So, all the content that we people did in '25, and there are massive hits like Stree 2, which is sitting there or an Amaran, which is sitting out there in FY25. The bigger charge of that has been taken in FY25, but the revenue benefits of that will keep on accruing to us over the years. FY26 is a good example of it.

So last year, when our numbers were going on the flatter side, I have stated this that the numbers in FY25 are on the flatter side compared to FY24, just jumped into new content investment in a meaningful fashion. So, though the revenues were going up, the charge-off was also very, very big. And hence, the overall profitability was going on the flattish side. This year onwards, while the content investment is there, but the benefit of FY'24 and FY'25 is also coming to FY'26.

**Yash Bajaj:** Understood. Yes, yes. Got it.

**Vikram Mehra:** The beauty of music business is that once you have done the heavy charge-off in the beginning and if you do your music selection in a correct kind of fashion and you keep on doing that some amount of drip marketing throughout behind hit song, the song has got a very long life and it will keep on generating revenues for you.

**Yash Bajaj:** Very clear, sir. And just one final question. Just on the subscription part of the business. If you can help us understand what proportion of our business would be subscription today? Or if you're not comfortable sharing that, if you can help us understand the growth rate between subscription versus free.

**Vikram Mehra:** Saregama directly has no subscription. Spotify has subscription, YouTube has subscription.

**Yash Bajaj:** Paid. I mean paid.

**Vikram Mehra:** No, no. So let me not go back and share that data. It's just too competitor sensitive data. But the fact of life is that the money that we are making from the free side of audio streaming platforms are flattish, and I'm acknowledging it. Growth that you are seeing in the numbers that is coming in and the numbers are there in front of you is all coming the paid subscription side.

And remember, right at the beginning. We have a massive play left in terms of new subscribers coming in, ARPU expansion and various other monetization mechanisms coming in. Unfortunate part is that even the Latin American countries are far ahead of us in terms of penetration. But the positive part is there's a massive road in front of us.

**Moderator:** Our next question is from the line of Govindarajan Chellappa from CSIM.

**Govindarajan Chellappa:** I have three of them. First, just a clarification. In your presentation, you mentioned that you expect Music net margins to improve by 300 to 500 basis points in 3-5 years. So, in essence, you're expecting the EBIT margins to move from 46-odd to a sustainable 50%. Is that understanding, correct?

**Vikram Mehra:** Yes. So, in fact, if I'm looking at the EBIT margins currently also on music, they're hovering around 60%.

**Govindarajan Chellappa:** Not the net margins, the EBIT margin for the business.

**Vikram Mehra:** If you are talking about the percentages, which are somewhere hovering between 46-50%. Yes, over the next 3-5 years, you should have 300-500 bps increase coming on our music business, everything else remaining as it is.

**Govindarajan Chellappa:** Okay. And this would be a linear increase or you think this will be back ended?

**Vikram Mehra:** No, no. So, it may take us another year or two for the buildup to start happening. But what we are realizing is that as our digital footprint is becoming stronger and bigger, big advantage is coming in that the incremental marketing cost that I have to incur to promote a song, a decent chunk of that, I'm able to go out there and do it because of the Pocket Aces digital footprint. And that is the kind of savings we end up accruing in the system. The process has started. It will not be a single step jump that will happen, but it will be linear, but linear where the angle is a little lower in the beginning and becomes steeper as we go ahead.

**Govindarajan Chellappa:** Okay. Understood. My second question is on short-format videos. Right now, I think you get paid a fixed fee per annum by each of the platforms. Is this an annual contract? How is it renewed annually? And what is the basis for renewal? And you've mentioned that there could be conversations around sharing ads spent on short format. If you could give an update on that.

**Vikram Mehra:** Yes. So, nothing has changed over the last one year. This is one of the areas which bothers us. Short format content in all our deals are one-year deals and the renewal typically happens basis the usage of our content during the year. So yes, we are able to get some kind of a step jump, but it is not as ideal as an advertising-driven model is because an advertising-driven model, you straight away see benefit accruing right down to your bottom line. What happens with YouTube

free service, short format content, all the licensing to short-format services is still a fixed fee deal renewed on an annual basis.

**Govindarajan Chellappa:** Okay. My last question is on this line-item unallocable expenditure. It's moved from INR 7-odd crores in FY23 to INR 74 crores in FY26. What are the components of this? Has there been any reclassification? And how do we think about growth in this expenditure over the next few years?

**Vikram Mehra:** So, unfortunately, I don't have a CFO at this moment. Can I ensure right now somebody calls you up and takes you through these numbers in detail you're quoting FY23 to FY26 moment now.

**Govindarajan Chellappa:** Yes. I mean every year, it has doubled.

**Vikram Mehra:** So, we will go back and sit with you. See, the core part, I can go back and say that the core management team is all sitting in there. So, there is some amount of manpower cost also that is sitting in. Kuldeep, do you have an answer to this, if you can help?

**Pankaj Kedia:** Govinda, can you repeat your query? I just lost you in between.

**Govindarajan Chellappa:** Yes. The unallocable expenditure, which comes below the segmental results, moved from INR 7 crores in FY23 to INR 16 crores in '24 to INR 36 crores in '25 and INR 74 crores in FY26, right? There's a 10x increase in that expenditure.

**Kuldeep Kothari:** So, if we see comparison between FY25 and FY26, in FY26 it got INR 37 crores and it is now INR 73 crores. The unallocable expense is net of other income which is the income we do in investment in mutual funds and FD. Now when we are investing in the content, we are realizing that those investments and that is where the interest income has dropped. And as a result, you are seeing the delta in this expense. This is one of the major increases in the expense which you see here.

**Govindarajan Chellappa:** Okay.

**Vikram Mehra:** As the QIP funds are getting utilized, either in terms of purchases of earlier Pocket Aces then happened Bhansali and our new music content that we are doing, the interest income on that capital is coming down, which means the netting off effect is coming down. So, in reality, the unallocable expenses are not going up in any alarming fashion. It's just the netting off portion, which is giving this illusion as if they are going up.

**Govindarajan Chellappa:** Okay. I mean I think I need to take this offline because between FY23 and FY26 other income has dropped only INR 10 crores,

**Vikram Mehra:** Sure.

**Moderator:** Our next question is from the line of Sanmat Jain from Kamakhya Wealth Management.

**Sanmat Jain:** So, I had a couple of questions. So, I wanted to know about the revenue from social media platforms. So, suppose an influencer posts a reel using our music. So, what's the deal structure and how much do we make from that one deal? What's the revenue model there?

**Vikram Mehra:** I had answered this; I think last question only. All our social media platform deals are flat fee deals. That means we get paid a flat fee by this platform for utilization of our music across reels or posts during the year. So, you're not getting paid right now on a per reel basis. But this license is restricted only for individual consumption and usage. Our brand cannot take advantage of this and post any reel of theirs. Brands have to negotiate a license from us directly.

**Sanmat Jain:** Okay. Understood. My other question was related to the investment part. Suppose we do INR 350 crores in FY27 to reach our stated target of INR 1,000 crores. But from FY28, what investment budget are we planning?

**Vikram Mehra:** So we are looking at a linear increase as we go forward post FY27 because principally, we are comfortable that 25-30% market share that we will get with INR 300-350 crores content investment. So, as you go forward, you can look at anything in terms of very high single digit to a very low double-digit percentage increase on a YoY basis.

**Sanmat Jain:** Okay. So, considering the base of INR 350 crores for FY27, so incremental to that you are saying, right? So, suppose INR 400 crores kind of number.

**Vikram Mehra:** Yes. So, for me, at this juncture, 12 months away, it's more of a philosophical question. And our philosophy is clear that we started from zero investment in this company on new music. We have ramped it up in a very rapid fashion over the last three years to give ourselves clear leadership position in multiple languages to get ourselves about 25-30% market share on a pan-India basis in terms of new music. We are comfortable we want to consolidate our position here. We don't want to go back and do another massive step function jump here.

**Moderator:** Our next question is from the line of Rohan Nagpal with Helios Capital Management.

**Rohan Nagpal:** There's a clear sort of increasing trend between Q1 and Q4 on the music revenue that we generate ex of carvaan and artist management, so increase in licensing revenue. I want to understand what is the driver of this increasing revenue in licensing between Q1 and Q4 through the years?

**Vikram Mehra:** So, between Q1 and Q4, actually, the biggest factor is when & which big albums is getting released. A lot of this revenue that you are seeing right now is also governed by the new music releases.

Typically, in our country, Q1 being the IPL time, you will have less new big movies getting released during the year. Q3 being the Diwali time ends up seeing a massive release in terms of new music. And then the December, January time frame is very, very big. One being Christmas, second being Pongal around January 14 becomes a very big release date in South India and then 14th February becomes a very big release date across the country as far as romantic movies are concerned.

So, you typically in our country have bigger releases coming in Q3, Q4. The only date that stands out is around Onan date, which is from 15th August to end of the August, where you do have big Malayalam and sometimes patriotism-driven Hindi films also coming out. So that's a level of seasonality. You may have seen sometimes that Q2 may become bigger than Q3 also. And

we have seen that in the past happening with us. But Q1 typically is the most muted one because there are very few releases.

The other factor which needs to keep in mind for Q4 is that there are some of the commercial relationships where the money hits us only at the end of the year. This typically happens with various relationships we have with various societies. They are able to go out there and finish the reconciliation for the entire year and release the money. Typically, they do two or three tranches of payment. But if they're getting delayed, primarily all the payments end up hitting you on Q4. That's why like a stuck record, I ask you please look at us on a rolling 12-month basis.

**Rohan Nagpal:**

Understood. That's very helpful. And the other question I have was the sharp decrease in the advertisement and sales promotion. Is that on account of events not being there this year or not with the same intensity? Or is there some other factor driving that?

**Vikram Mehra:**

I mean two big factors are coming in here. One, you have nailed it. Last year, this also included all the advertising that people had done for the Diljit Dosanjh show. Also, we have scaled down the video vertical this year. So very few new films were released by us this year, while FY'25 also had film advertising expenses sitting in.

So, this is not just music. Music, there isn't that much amount of change. There is some amount of reduction because if you see the content investment that we have done during the year, which is a combination of content plus marketing or new music has come down compared to the previous year. These movies like Paradise and Love & War, had they got released as earlier planned in February-March time frame, these expenses would have been a little higher.

**Rohan Nagpal:**

Understood. And last question, there's a sharp decrease in the content charging cost this quarter. Is that because there was the Dhurandhar marketing spend that was incurred in Q3, which is not there in Q4.

**Vikram Mehra:**

Please see up on a 12-month rolling period basis. QoQ becomes really tricky for us to explain. So, when the numbers move in our favor also, we don't take that credit on a QoQ basis. Evaluate us on a 12-month basis becomes that much easier.

If any movie is releasing on 27th of December. Now it depends how the marketing spread. Is it front-loaded? Is it backloaded and everything changes. And if the movie is getting released in December; if the last song was released in December; we will consider the entire content charge otherwise the content charge moves to January. That's why it's always better to evaluate this thing on a 12-month basis.

**Moderator:**

Our next question comes from the line of Manish Gupta from Equinox Investment Advisors.

**Manish Gupta:**

Sir, is the IPRS movements a threat to the revenues especially after Kolkata high court ruling in that Vodafone case?

**Vikram Mehra:**

It does not have any implication on us. I'll just leave it there.

**Manish Gupta:** Okay. And secondly, sir, I understand that market price of the stock is neither your focus and it should not be and not under your control. However, markets are set to be waiting machines in the short term and running machines in the long term. Saregama has been on a downtrend for several quarters now, notwithstanding today, which we are grateful for. Is there anything fundamentally altered or disrupted in the music industry or Saregama's business, which is causing this downtrend in your opinion?

**Vikram Mehra:** I'll not comment as you rightly said, I am not going to be commenting on the pricing part of it, I and the management team are fully accountable on the EPS part of it. All I can go back and say 3 years back when we decided to get into new music, we have made a statement at that particular time that we are preparing this company for 2050.

This company had made a mistake in year 2000 by deciding not to invest in new music content. It's easy for us today, right, if we sit and say that the only thing we want to drive is profitability. Board has to go back and decide is that from now onwards, we will not invest in new content.

If we do that and it is a very conscious part that we want to drive only profitability from music today, growth and long-term sustainability is not something that we want to drive. This company can become a 75% margin business tomorrow because that's your beauty of music business, there's very limited cost once you've already paid for the content that you have taken and the music keeps on making money for you on a long-term basis.

We took a conscious call. And that time also, we had prepared the market saying the going has been great, but the going has been great only on the back of the catalogue. We don't want a situation, 20 years down the line that the kids of that time asked that who were Kishore Kumar or who were S. D. Burman. Because what Kishore Kumar is for us today, 20 years down the line Arijit will be.

So, we are just investing in newer content in an aggressive enough fashion. And when you invest so heavily in newer content, especially in a step function jump, in the short run, the increase in revenue will get matched completely by the charge-off on content that you are taking. We are slowly getting out of that cycle now. So, if you are congratulating us for the quarter 4 results, believe you me right now, the real game of this started three years ago. We are now slowly getting into a position where the benefits will start accruing to us.

**Manish Gupta:** Fantastic. And my last question is that the new generation is now watching reels all the time. So, does it affect music revenues in coming time?

**Vikram Mehra:** There are 2-3 things; Saregama owns 91% of Pocket Aces, which owns the biggest Gen Z channel, where people watches reels, Saregama also owns through Pocket Aces FilterCopy, which is the ultimate reels play for people under the age of 30. So, I have a play there.

Second, anybody else who is using a reel at any particular time, you'll realize majority of the reels, I don't know the percentage, but bulk of the reels you will see on any of the social media will have music attached to it. So, there is a monetization that ends up happening right now on the music side, too.

So, for us, whether presence on social media, presence on a TV channel, presence on a digital series or a film, any time a video is seen, there is a high probability our music will get attached to it, which becomes another touch point for us to monetize. So, we look at it, this expansion of reels a lot of positivity.

**Moderator:** Our next question is from the line of Resham Jain from VVD Asset Managers.

**Resham Jain:** Sir, just one question. If you can share the revenue from the content which has been bought over the last five years, if that number can be shared because there is hardly any way you have this payback period in mind by five years. But for us, it's very difficult to assess how profitable it is. So, if you can share at least the last five years' cumulative revenue in this year, FY26 of the content bought, that will at least be helpful for us to evaluate.

**Vikram Mehra:** So, I'll tell you how you can arrive at if you check my last corporate presentation, there, we have shared data with you that what percentage of the total revenue on the music side is coming actually from the music release after 2020. That data is as of FY25, does not include the FY26 data, and we will be releasing that part also shortly. But till FY25, you will get that information. If I remember my numbers correctly, right, 40% of the total revenue that we people had is music released between FY21 to FY24.

**Resham Jain:** Okay. So, if I then look at the overall revenue because now you have artist management and other things also, obviously, music revenue also is separate. But then the CAGR growth of the old music as you mentioned in your comments also that it is inflation driven. How should then one look at that part because that seems to be growing much slower than maybe some of the other competitors?

**Vikram Mehra:** I disagree with that part. I'm not going to talk about competitors, please. I'm talking about our absolute numbers here. The catalogue growth that we have seen, on an apple-to-apple basis, what does mean that I'm going to be comparing my catalogue growth on Spotify over the last three years, or a Saavn over the last three years, or a YouTube over the last three years, we are growing at this juncture higher than inflation also. And we are fairly confident this growth is going to get further accelerated as we go ahead.

Let me take this opportunity to also share with you that we are now creating a newer experiment within the company, whereby we are saying that how can we use the capability of the generative AI to create enhanced content and properties around older music that we people have, which may be generative AI-driven music videos for a Hemant Kumar song or S. D. Burman song or it may be podcast, which will be connected to the older songs that we people have, which gives us not only an opportunity to promote the older music, but also find a fresh way to monetize the older music.

When you're going to be looking at my numbers, do keep in mind, the moment you do an absolute catalogue to absolute catalogue, there's a decline because music had a decline because we had platforms like Resso shutting down. We have platforms like Wynk shutting down. We had Gaana going from free to pay completely. We had Hungama shutting down.

So overall numbers fell in a dramatic enough fashion, which is the reason why you see music revenue growth except for the last two quarters was going on a more muted basis. But on an apple-to-apple comparison basis right now, the catalogue is growing.

**Moderator:** Our next question is from the line of Sandeep Agarwal from Naredi Investment.

**Sandeep Agarwal:** My question is this, our performance regarding the last three years, so just our competitor comes to you also has a market cap of 8,000 Cr. approximately to our and we have the same P/E 35. Our competitor's company ROCE is 122%, while our ROCE is 17%.

They said 1990 music is their top line in the bottom line. While we have more good life daily after a music song, but we can't perform. Will you tell us where we are in a week? They have INR59 crores content cost last year, and we have approx. INR235 crores. Their write-off campaign cost is 100%, we also have good property to monetize in Dumdum area, it will be far away from them. So, just comment.

**Vikram Mehra:** Sir, I can talk only about myself. So, if you have any questions directly connected to Saregama, I'm happy to discuss. I'd like to pass on any comments on my competitor's business.

**Sandeep Agarwal:** My question is, regarding the performance of our company, why we are not performing?

**Vikram Mehra:** Sir, I don't know how you're calling it not performing. The Indian music industry growth numbers have been published. This is a neutral study. None of us is involved in that part. E&Y has gone out there and done it as part of the FICCI report. IMI, which is the music industry's Apex body, has gone back and published this. Both of them are saying the music industry during the year grew between 7-8%. Somebody is saying 6%, others are saying 8%. That's the industry growth rate.

In that industry growth rate, the only reason Saregama has been able to grow faster because we aggressively bought newer content, and the fact that newer content has worked can be checked on YouTube, can be checked on Instagram, can be checked on Spotify, sir. You can go to various charts on Spotify and see that when I'm saying my content has worked, there is a third party which is saying that the content has gone out there and worked.

So, I know there's far better work we people can do, and we will try our very best to improve our numbers even further. But saying that our revenue is not growing or our strategy is not working will be a little unfair, sir. I don't know about competition. I know the absolute numbers that are in the market. And I also promise you and coming to you right now, that the numbers in terms of profitability as we go forward with the strategic approach we took three years back, as we continue on that path, are going to become even better.

**Sandeep Agarwal:** Just one more. Sir, the company has been an aggressive content investment cycle, INR 1,000 crores across FY25 to '27, which is very exciting. From the shareholder perspective, the ROE has been around 13% over the last three years, with some corrections. So, could management help us understand?

**Vikram Mehra:**

When we people raised the QIP, it was with a very specific thing in mind that we want to go out there and invest in content that will get us ready for the future. The first strategic call we take right now is that the music has to be invested in, you're already seeing the results. We are growing far faster than the publicly acknowledged and published growth rate of the industry.

Second, we took a call to go back and buy Pocket Aces. The fact that in the last two years, we have been able to go out there and turn around Pocket Aces and make it a huge marketing machine, and it's growing at a very fast pace.

Third, we have taken a conscious call to go out there and invest in Bhansali Productions. This will ensure that in the days to come, the most valuable film album that will be coming out in the market will automatically go to Saregama at a pre-agreed and negotiated price, so that I have some kind of control on the cost escalation that may happen in a very, very competitive market.

The results of all these will start coming out. So, the equity that was raised has been invested in these areas, and we are on the path finally to go back and increase the ROE. Are we happy with the 13.3% ROE? We are not, sir. But we know that journey has to be travelled through. And we are travelling on that journey. Hopefully, we are taking care of the guardrails. We may make mistakes here and there, but the intent is very, very clear that in the end, the ROE has to go up because eventually, shareholder value improvement is the final goal for everybody.

**Moderator:**

Our next question comes from the line of Akshay Jogani with Xponent Tribe.

**Akshay Jogani:**

Vikram, a couple of questions. Like you mentioned, the headwind on the platform shutting down or switching off is sort of behind you. So, over the next one to two years as platforms sort of start pushing, and they have already started pushing premium, do you expect the growth rates to now sort of mirror their growth rates, or maybe there are no more changes within the industry structure that kind of is expected?

**Vikram Mehra:**

So, one part is what I'm expecting. Second is the guidance I'm happy to give at this juncture, knowing the current situation. So, in the current scenario, looking at the subscription growth rate that is happening for the music vertical of ours, which added retail also to it. We are projecting a 20-23% CAGR over the next 3-5 years.

But can this change dramatically into a hockey stick effect? It can. If anything, is to go look at the subscription data in other parts of the world, even Latin American countries are sitting out at 13-15%, which will be 5x of what we people are today. And those numbers are not very difficult to achieve.

All that one or two of the leading platforms have to go back and do is that they just shut the tap of the free content. They are all making the right noises. The subscription and it's going to take off. What I can promise you is that the subscription generally takes off. We are not talking of double-digit growth there. You will see numbers going out and literally doubling, it needed to be on a YoY basis for the first few years. It will be a hockey stick effect. But till the time it doesn't happen, I can't go back and give you guidance on that.

We believe in that very strongly. We believe the subscription story has played out in every part of the world. In India, it's playing out on the video side now. The twitch story is playing out on the gaming side in India now. So, we understand that the younger generation is comfortable with the idea of paying for digital content.

I am 50-plus. My age group has a serious problem paying for anything on digital. Even I start thinking. Is there any way to do it for free? But the younger people don't think that way. They are not grown in a world of digital always being free, and they are comfortable paying for better experiences and not necessarily trying to find out an easy way out. But the fact of life is somebody has to shut the free supply and make pay on an affordable basis. India is not a \$5 market. Any company that tries that is going to burn itself here. India is \$1-1.5 kind of market, but you can easily generate a number of 100 million.

**Akshay Jogani:**

Sure. You know, one of the things you spoke in this conversation earlier was that at a directional level, your free part of the revenue within music has remained flattish, while the large part of growth has come from the paid part, I mean, right?

Now, I understand that over the last one and a half years, there have been CPM pressures, there has been, I think, YouTube has been changing, and YouTube has sort of not grown as much as we would have sort of thought. At least our understanding is that. Is that something that you expect to change over the next year as well?

**Vikram Mehra:**

So, when I gave you that number right here of free being flashed, it's more for audio OTT than the video OTT. YouTube for us has seen a growth, if that's the direct question, on free and paid both. Remember, in video OTT every year, there's some other new pressure that starts coming up. I think the ban of real-money games ended up taking a large revenue stream out of YouTube.

But the good part for us is because the kind of content we are putting out in more film music, which is more family content that's going in. We, as a category got affected less by the going out of RMG advertising money. And hence, on YouTube, we were able to show a healthy growth, both on the free and the pay side. Actually, I have heard the story of people saying that the numbers from video OTT are going down. That doesn't apply to us.

**Moderator:**

Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to the management for closing comments.

**Vikram Mehra:**

Thank you, everyone. Many of you guys have complimented us on our Q4 results. Please remember, you're finally seeing the fruits of what was started by us as a company 3 years ago. And this trend hopefully is going to become even more pronounced as we people go forward.

Always keep in mind, we in India are operating in the world's most under-penetrated large music market with the most dominant catalogue, which is growing by 5,500 songs every year, our net debt-free balance sheet, and a 650 million digital footprint. Every global trend, subscription growth, ARPU expansion, super fan monetization, catalogue purchases and diversification that goes beyond streaming, which includes live events, has a much longer runway in India than anywhere else. And Saregama is the cleanest way for anybody to own this thesis. Thank you and look forward to talking to you guys' again next quarter.



*Saregama India Limited*  
*May 14, 2026*

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