Twitter Thread by The Tycoon Mindset

The Tycoon Mindset
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Saregama concall was today at 4:00 PM

"Target to purchase 20% of the new music this year for the next 30 year"

Here are the key highlights of the call ■■

Business Updates:
• There has been slow and steady growth and the industry is slowly coming out of Covid.
• Entertainment and Education has seeing a good growth in digitization.
• Saregama is in a good position to take the advantage of the digitization.

• Cost has been tightened over the past 2 quarter.
• Company debt company last year, has been reduced a lot.

Growth Driver:
• Primary driver for the 24% sales growth is the Carvaan sales and the music right.

Plan of purchasing music right

• Company had a plan of buying a music right of the last music in order to have long term sustainibility in order to tap the current you in future.
• This was stopped due to Covid.

Conti.

• However now that company is having good gains, company is continuously buying the music right. Hence the purchase of the rights and content will be higher in the next 12 months.
• 4 Bollywood films and 8 Tollywood films.
Conti.

• Company launched Bhojpuri channel in Feb 2020, which was hampered due to Covid. However company has still crossed 300M views in the Bhojpuri music channel

• Company past older songs purchased is also used in the recent movies such as Ludo, Khali Peeli, helping licence revenue

Carvaan-

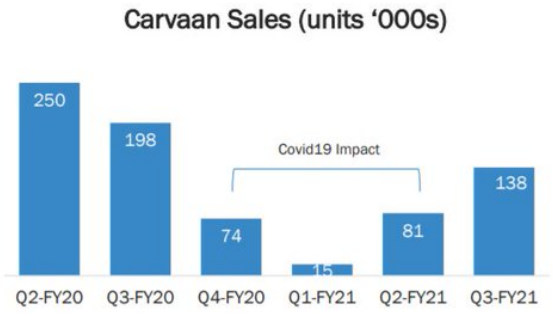
• Carvaan has made the retro music prosperous and this is making phenomenon change for the company.
eg. The music used in Ludo is from the older movie name "Albela".
• Carvaan sales has been picking up and there is QoQ growth.

Conti.

- Carvaan sales picking up
  - Retail network fully operational
  - Footfalls in stores still low
  - Share of Digital sales going up
- 289 Podcast stations with average daily consumption of 39 mins per user on Carvaan 2.0
- Carvaan Karaoke launched in Q3
- Carvaan Mini Kids : the big seller







Future Outlook

Reliance on Natural Pull from the market
Tight cost controls to continue

• Though the sales has not been pre-covid level, but the sales has very low advertisement cost now
• Carvaan product is very close to the mgmt, and in the past the sales has been without much marketing cost and company believes this to continue drive the growth from old and kid

• Roadmap of Carvaan- Company has focus to reduce the advertisement cost for the Carva and the sales is expecting from the current brand of the Carva, and mgmt want sales now through the brand name.

• Company recently launched Carvaan Mini Kids and Carvaan Karaoke.

• Carvaan Advertisement cost goes more through all the types of customer, and as you get the customer you get the sales from the customer in other segment as well
• Company has started podcast on Carvaan.

New Launches-

• Company is also thinking of podcast where many content such as Bhagwat Geeta learning are coming up where company will have add revenue, and the same will be shared with the content provider.
• Company has started podcast on Carvaan.

• The TV Roja has been launched in Youtube, which makes an additional source for the company.

Global Change:

• Music right and content all over the product is going out of the roof and the Music IT BS is going All time high over globally

Sales Diversification

• Company sell through Amazon, PayTM, Flipkart, Saregama.
• Digital sales has been very high with respect to retailing.
• But the online sales also increases the sales of the retail shops who is selling carvaan digitally as well.

Conti.

• However over next 3-6 mgmt expect Carvaan to be breakeven or at marginal profit.

• Yoodlee: Sales growth will take time and the profit from the segment will take as it still in nascent stage.

Budget:

• Mgmt is still waiting when do theaters are opening up.
• Mgmt intents to grab atleast 20% of new music.
• All the recent music company will be purchasing is expected to show Payback period of 5 years.

• Whenever co. purchase a licence or create a content, purchaser has right for next 60 years and after that they have right for lyrics and music which can also bere-created.

Royalty:

• Decrease in expense of Royalty this year was due to lower purchaser of music this year.