

Date: 22nd December, 2025

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

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

Symbol: SAREGAMA

Scrip Code: 532163

Subject: Conference Call held on 16th December, 2025-Transcripts

Dear Sir/ Madam,

With reference to our intimation filed on 16th December, 2025 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**SEBI Listing Regulations**') as amended, please find enclosed the transcript of Conference Call held on Tuesday, 16th December, 2025 at 05.30 P.M. (IST).

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

You are requested to kindly take the abovementioned on record.

Yours Faithfully,
For **SAREGAMA INDIA LIMITED**

Nayam Kumar Misra
Company Secretary and Compliance Officer

Encl: As above



“Saregama India Limited Investor Conference Call”

December 16, 2025



MANAGEMENT: MR. VIKRAM MEHRA – MANAGING DIRECTOR
MR. PANKAJ CHATURVEDI – CHIEF FINANCIAL
OFFICER
MR. PANKAJ KEDIA – EXECUTIVE DIRECTOR-
INVESTOR RELATIONS



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Moderator: Ladies and gentlemen, good day and welcome to Saregama India Limited Investor Call.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pankaj Kedia – Executive Director, Investor Relations, RPSG Group. Thank you and over to you, sir.

Pankaj Kedia: Thank you. Good evening, everyone. And thank you for joining us at short notice. The purpose of today's call is to provide you with an update on the recently announced strategic partnership between Saregama and Sanjay Leela Bhansali Promoted Bhansali Productions Private Limited, one of India's most reputed film production house, details of which were disclosed to the stock exchanges earlier today.

Today, we have with us Vikram Mehra – Managing Director; Pankaj Chaturvedi – CFO, to elaborate on the announcement. Our Management will begin with the opening remarks followed by a Q&A session where the participants will have the opportunity to ask questions.

With that, I would now like to hand over the call to Mr. Vikram Mehra.

Vikram Mehra: Good evening, guys. And once again, big thanks for coming at such short notice.

I am very happy to share with you the much talked about, for last few quarters, our restructuring of looking at our video business. Today, we people did a strategic equity deal with India's most respected and more importantly the most financially robust film production house, Bhansali Productions Private Limited. The studio has delivered some of Indian cinema's most iconic and culturally relevant films in the past including Hum Dil De Chuke Sanam, Devdas, Ram Leela, Bajirao Mastani, Padmaavat, Gangubai Kathiawadi and the recently super hit Netflix series that did wonders at the global scale, Heeramandi.

This investment is structured through primary issue of CCPS which will convert into equity in October '28, basis pre-agreed financial performance parameters of Bhansali Productions over the next 3 years. These CCPS converting into equity will result in anything between 28% to 49.9% stake for Saregama in Bhansali Productions. For this, Saregama will be making an initial payment of Rs. 325 crores and potentially an additional payment in September 2028. Saregama also retains the right to increase the stake to 51% after March 2030. This investment is going to be funded entirely through our internal funds.

What I am very happy about is the way this deal has been structured. Yes, we really respect the equity of Bhansali Productions and the absolutely terrific work these guys have done in the past.



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We have also shared the financials of this company for FY25 which are one of the strongest financials of any film production company in India. But the way this deal is structured, we are not giving the value for the past. The entire value is predicted by how this company is going to be performing over the next 3 years. If the company does as we anticipate the company to go out there and do, yes, this value that we are giving may result in a lower stake, but I think that will leave us even happier as strategic investors.

The other very important part of this deal is that now Bhansali Productions will exclusively sell all its future film music to Saregama only, basis a pre-agreed formula. That means we are guaranteed a steady pipeline of premium marquee film music, eliminating any competitive bidding. Lot of you people, when I met in the past, have raised this question that with time will the cost of content go up substantially as Saregama starts becoming bigger and bigger player in this market. This is a move which is going to ensure right now that a large part of our content is now going to be coming without getting into bidding, so our music acquisition costs are going to be under control.

Because it's Bhansali Music, our market share should start going up. Saregama anticipates that around 30% of all its Hindi film music content is now going to be coming from this deal. The number can even go up to 40%. So, we have secured to that extent our pipeline. The money that we are putting into Bhansali Productions is going to ensure that the company moves from a production house to an IP studio which will now create content which is not just directed by Mr. Bhansali but also directed by other directors but creatively looked at by Mr. Bhansali.

With this fund infusion, the most important part is that Bhansali Productions will not have to go back and pre-sell their digital rights or their theatrical rights when they start the film. Currently, because of the financial pressures they end up doing that. They pre-sell all those rights to raise funds. Now with this fund infusion, which is all primary capital going inside the company, they should be in a good position to fund these films themselves, thus ensuring that they sell these rights at a later point. Hence their ability to drive their margins is going to go up substantially.

Along with this move of ours of taking a significant minority stake in Bhansali Productions, the other part of our strategy is going to get rolled out which is a gradual exit of Saregama from own produced films. We have a few projects in the pipeline. Our endeavor now is that over the next three to five quarters we will completely get out of our own produced films which are going to release anything between Rs. 150-175 crores working capital. We get out of our low yield business and put those funds into one of the most financially strong and creatively I think one of the best production houses in the country.

So, it becomes a win-win overall for us. We were in video business to secure a music pipeline. So, rather than doing it ourselves, we are saying, take those funds and put them out there in the most important production house of the country which also has the best track record in terms of financial performance. This investment is expected to be EPS accretive for Saregama by FY27



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because it will help us improve margins not just in the video segment but also in the music segment.

Bhansali Productions' immediate slate over the next few months includes one of the most anticipated movies called Love & War, which is directed by Sanjay Leela Bhansali, and it stars Ranbir Kapoor, Alia Bhatt and Vicky Kaushal and a studio model movie called Do Deewane Sheher Mein, a romantic drama which is directed by Ravi Udyawar.

In FY25, Bhansali Productions reported revenue of Rs. 304 crores, EBITDA of Rs. 60 crores, and PAT of Rs. 45 crores, which reflects very strong profitability, disciplined execution and balance sheet strength. Under this partnership framework, Bhansali Productions will retain complete creative control while Saregama will have complete financial control over that company. So, from the governance perspective, the business plans perspective, and deployment of funds perspective, the control will be sitting out there with Saregama.

We believe this combination of Bhansali Productions and the financial discipline that we bring to the table, and the fact that Bhansali Productions is known for some great music which will automatically start coming to Saregama without bidding, is going to get into a great win-win situation for both the companies.

I missed two points which I want to also add. Sanjay Leela Bhansali, the individual, is now creatively locked with Bhansali Productions. He will work only and only for Bhansali Productions as part of the deal. Secondly, the entire funding of this will be done through our internal funds and we won't take any debt for this deal.

That, ladies and gentlemen, was the reason and my rationale for we people going out there and doing this deal. We will be happy to take questions from you now.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Pallavi from Sameeksha Capital. Please go ahead.

Pallavi Deshpande: Yes, sir. Thank you for asking my question. I just wanted to understand in terms of the pipeline, I guess, for Bhansali, I guess, it is 10 movies or so. Over what period do we see those release?

Vikram Mehra: These 10 movies are expected to be released over next 3-4 years. One or two of these movies may also take the form of a series.

Pallavi Deshpande: Right. In terms of, would we have done the same analysis when we do for other movies, when we acquire movie songwriters for these 10 in the pipeline? Because we have seen some big names like, I will just take one name here, Rajinikanth in the South, I have seen a series of flops from that end. I just wanted to understand the thought process a bit better.



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Vikram Mehra:

So, I have to acknowledge that this is a world of creativity where there's always going to be ups and downs. All I can share with you, and it's there in public domain right now, all the films that have been done by Bhansali Productions, I may just repeat it for everyone, movies like Hum Dil De Chuke Sanam, Devdas, Ram Leela, Bajirao Mastani, Padmaavat, Gangubai Kathiawadi, even if I include films like Black to this entire list, all these films that he has done, even the studio model of films like Rowdy Rathore or Mary Kom, all of them are profit-making films.

What really attracted us towards this studio is the financial discipline with which these guys go back and attack their films. From outside, it looks like these films are very grand, they are very grand, but there is a serious amount of financial discipline that's going in. And which resonates with the philosophy that we people have within Saregama as far IP creation is concerned. That's what is exciting to us.

Second part, the nature of the deal structure is that the value of this company is going to be finally agreed at the end of the 3 years, because these are CCPS. The actual value of the company will be decided after three years, depending on the actual operating margin performance. So, in the worst-case scenario, if everything fails, we may end up getting this company at a very low price. We do not want that. We much rather prefer the company does very, very well, and we end up getting at the lower part of this stake, between 28% to 49.9%. I hope I have answered your question, ma'am.

Pallavi Deshpande:

Yes, sir. Thank you so much, sir.

Moderator:

Thank you. Next question is from the line of Shlok Mehta from Nuvama. Please go ahead.

Shlok Mehta:

Hi, thanks for the opportunity. I have two questions. First, why particularly have we chosen Bhansali Productions, as I believe there are many production houses out there? And my second question is, we talk about EPS accretion by FY '27, so what kind of EPS accretion are we looking at?

Vikram Mehra:

So, let me just answer the first part here. We have done our homework on all the production houses of the country. We always maintained the stand that we wanted to take a position on the video side to secure our music pipeline. We have been looking at trying to do it ourselves for the last four to five years and not in a very successful fashion, which prompted us to start looking out and see who the people are, we can go back and work with. I do not know any other production house which meets both the criteria. Creatively it's known for some of the best films and music coming out, and this kind of financial discipline is there.

I have given you the numbers right now. At a revenue of Rs. 304 crores, a PAT of Rs. 45 crores for a film production house are really, really good. It's far better than what we people were faring at, which got us really attracted towards these people. Creatively, they fulfil what we are looking for. Financially, they are completely wired the way Saregama is.



- Shlok Mehta:** Okay. The second question on EPS accretion?
- Vikram Mehra:** At this juncture, this is all I can go back and share. With time, I will share more information. We have seen the numbers. Obviously, my valuations depend right now on how they perform. But the way the numbers are falling at this moment, remember because there is a large amount of my money which is stuck in the video business at this juncture, not giving me returns. I am just moving that, winding down my own video investments completely to the tune of Rs. 150-175 crores and moving that money from our own film production businesses, making it zero, on to Bhansali Productions.
- Shlok Mehta:** Okay. Just two follow-up questions on that. One, do we see any regional music content acquisition going down because we won't be doing any regional movies now?
- Vikram Mehra:** So, let me answer the first question. Our normal music acquisition will continue. We are looking at a scenario where some of our competitor's music labels over time have taken a position in the film business. And whichever films they were producing or financing, music of those films were not coming out in the open market for bidding, which was bothering us a bit. Hence, we got into our own video production business, not been very successful at that. Hence, we have got out and said, let's tie ourselves with somebody who is very, very successful and works with them. But we will continue acquiring. Bhansali Productions is going to give me only 30% of my Hindi film music. The regional market is still very much open. Even in Hindi film music right now we will go and acquire other movies' music also.
- Shlok Mehta:** Understood. And second question was on Bhansali Productions' revenue. So, I see FY '23 and '24 numbers just around Rs. 10 crores. And then FY '25 figures suddenly going up to Rs. 304 crores. Any particular reason why we see such a huge variation in revenues?
- Vikram Mehra:** See, the way these guys function is, they do not make movies for the heck of making movies. They come out with movies only if they believe right now, they will be able to go out there and have a healthy enough operating margin coming out of it. So, they had gone slow during the COVID time. These kinds of movies Bhansali Productions make these are all 18 to 24 months projects that are going on. So, they had gone slow. But with this kind of money infusion coming in, and we have seen the pipeline that's working on, we believe that the numbers are going to be reasonably big as we go forward.
- Also remember, Love & War was a movie that was supposed to come much earlier which has got delayed for various reasons. Hence, those numbers have gone out there and shifted. But again, I will repeat what we enjoy right now is the structure of the deal. If for whatever reason they are not able to go back and do enough work here, the valuation of the company will go down dramatically. And we will end up owning a large chunk of the company at a lower price. We do not want it that way.



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- Shlok Mehta:** And just lastly on this 18%, you had earlier guided that 18% of the capital deployed will be towards non-music businesses, if I am not wrong. So, do we revise that or that still remains?
- Pankaj Chaturvedi:** That guidance remains. Just like Vikram mentioned that over the next 3-4 quarters, our existing monies in the video vertical will start winding down. So, once that amount is wound down and you include the amount that we have invested, we will come back to our original threshold. It may be a temporary blip that you will see in a particular reporting period because we have invested this money and it will show in our balance sheet. Otherwise, our long-term guidance remains the same.
- Shlok Mehta:** Thank you so much. These answers all my questions. This was very helpful. Thank you, Vikram.
- Vikram Mehra:** Thank you.
- Moderator:** Thank you. Next question is from the line of Kunal Bhatia from Dalal & Broacha Stock Broking. Please go ahead.
- Kunal Bhatia:** Yes, sir. Thanks for the opportunity. Sir, just one clarification in terms of the valuation you have given. So, like you said, if everything goes as per your expectation, the amount currently paid of about Rs. 300 odd crores would be for a bare minimum of 28% stake. Am I right on that?
- Vikram Mehra:** No, sir. You are not. The amount paid is Rs. 325 crores. And if everything goes at the topmost level, then there may be an additional amount of money that we may have to pay in September '28.
- Kunal Bhatia:** Okay. So, the Rs. 325 crores is not even for the 28% if everything goes well. So, we will have to pay an additional amount to get that?
- Vikram Mehra:** Yes, I have shared with you the financial year 2025 performance. The parameters we have put on them in the operating margin numbers are far higher than that. If they achieve those kinds of numbers, then yes, maybe that number that we have to pay more is a smaller percentage of this Rs. 325 crores. But yes, we may have to pay some more amount of money.
- Kunal Bhatia:** Okay. So, for clarity purpose, if you could give us some sense on, say, for that bare minimum 28% stake, what is the number which you have in mind? And secondly, also wanted to know that, yes, I agree that the last two years' numbers were on a lower side. In the last, since you would have analyzed the numbers, in the last 10 years, what is the kind of peak revenues has Bhanasali Production achieved?
- Vikram Mehra:** At this moment right now, I can go movie by movie and almost every major movie of his is a Rs. 100 crores plus. And you are talking about 2015, 2016, 2017, 2018. But let me answer your first question, give you a little more color there so that you get comfort. We are talking on the



total range of the valuation of the company will be anywhere on the lower end at Rs. 650 crores and on the higher end at Rs. 1,590 crores. Does that give you answer to your question? Okay.

Kunal Bhatia:

Okay. Yes.

Vikram Mehra:

Right. you were talking about some of the movies. When Padmaavat came out, the box office number of Padmaavat was Rs. 585 crores, this is 2018, so keep that in mind. When Bajirao Mastani came in, its box office number, which was 2015, was Rs. 335 crores. Even Gangubai, which was a relatively smaller film by Bhansali Productions standard, which was from 2022, did Rs. 217 crores. So, they have a track record. What is going to happen is that now we will not only be making films which are directed by Sanjay Leela Bhansali, but also films where he's going to creatively oversee it but directed by other people too.

Kunal Bhatia:

Okay. And sir my another question is on, now whenever you or say Bhansali Productions is coming out with the music content, so how does the deal work in that place? Does Saregama, I understand that there would be no bidding, but does Saregama pay sort of a fixed cost for that content? Or we get a share only to the percentage we hold?

Vikram Mehra:

No, nothing to do with the percentage we hold here. I think that's a separate issue. My equity participation will be different from the rate at which Saregama is going to be buying the music. The music now will be a percentage of the cost of the film. And we have negotiated a deal which we believe right now is great value for us.

Kunal Bhatia:

Okay. So, the content cost still will be decided at the time when it is available, if I am not wrong.

Vikram Mehra:

Yes. So, since we have been there in this particular market for a reasonably long time, we have a very decent sense that typically what should be a music cost as a percentage of the cost of a film production. Based on that, we have come out with a formula. And the good part is, since we will be having a complete oversight into the financial part of Bhansali Productions, we know all the data is proper, and the music will get transferred across to us on a percentage of that. So, it's a very clean, transparent deal that's happening in a fashion where we believe in the long run, we will be able to reduce our cost of content.

Kunal Bhatia:

Okay. And sir, what you will be paying would be the cost of the content or it will be a relative market price?

Vikram Mehra:

We will be paying. So, the cost of content, typically when we go and buy a movie from any producer, we bid, so we also put a value, we understand the cost of production of every film. Every film we are going and bidding for, we have an idea how much did that film cost. So, we go back and say, to buy the music for that film, we will pay you X. The other party says I will pay you X plus 5%. We may have to say X plus 7%. All that goes away, because now there is a formula on which in a guaranteed fashion, every film music album that's going to come out from



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Bhansali Productions, the music will automatically get transferred across to us. And the value at which it will be transferred right now has been pre-agreed.

Kunal Bhatia: Okay, got it, sir. Thank you.

Vikram Mehra: Thank you.

Moderator: Thank you. We will take our next question from the line of Jyoti Singh from Arihant Capital Markets. Please go ahead.

Jyoti Singh: Thank you for the opportunity. I just wanted to understand two, three things. Like you mentioned on the music side, so under the pre-agreed music right formula, how does the effective cost per song compare with the recent marquee acquisition in the industry? And second, I wanted to understand, should investors expect any near-term P&L volatility from content amortization, or will this remain largely balance sheet led until monetization kicks in? And third, I wanted to understand about the Rs. 1,000 crores investment that we are doing for the content, when it is going to get over?

Vikram Mehra: So, the three very different questions you have asked for. On the amortization, the policy that we follow in our existing video business also where we have close to Rs. 200 crores that is locked at this juncture as part of working capital sitting on my balance sheet, we people charge off the entire cost of the film or any other video content in the year it is released. Same thing is going to continue right now with Bhansali Productions too. Can there be a lumpy nature? We have that lumpy nature problem currently also with the Rs. 200 crores investment. The value of the investment has gone from Rs. 200 crores to Rs. 325 crores, that's the only difference that is there. But we will continue with the policy of charging it off in the same year. That was part one.

You asked how will the cost of the music be out here? We believe, in a short to medium run basis, this will help us improve our music margins. Because we will be getting the music without getting into a bidding war by competitors.

You had a third question about Rs. 1,000 crores investment. All our music that we people buy, we have an internal benchmark that the guidance I have given to all of you also, that a block of content which is bought during a financial year, that means all the music that we buy in FY26 will have a payback period of 5 years. So, if we are spending Rs. 100 in FY 26, by FY31 we should be able to get that Rs. 100 back. And we are tracking on that positively.

Jyoti Singh: Thank you, sir. And one last question on this side, like you mentioned we will be cutting down on the video side and putting the money toward this acquisition. So, initially also we cut down on the retail side, now we are cutting on the video side. So, how we are taking our strategic decision then every time we have to enter into the newer segment and then we have to cut down our existing business.



- Vikram Mehra:** I am not cutting down on the video. We are just making a strategic call that instead of making all this content ourselves and we have tried for the last four, five years, our numbers on film production are not that great. We much rather go back and partner with a company which has got a stellar track record of making great films and having a very strong financial performance. So, I thought you would be happy right now that instead of us people putting money on video in-house, where the margins are not that great, we will give you far better margins.
- Jyoti Singh:** Yes, obviously, that is the good thing. Just whatever investor concern, I just put it in a word.
- Vikram Mehra:** I thought the investor concern from your side was that our video business is not making money. Now we are cutting down our exposure in the part of the business which was not making money. Continuing with the video part, we are working with a partner who hopefully will give more margins to us so that both you and us can be happier.
- Jyoti Singh:** So, what kind of margin we can expect further sir, if you can guide us?
- Vikram Mehra:** I think it is a good indicator of what FY25 numbers that I have shared with you of Bhansali's. They had revenue of Rs. 304 crores and a PAT of Rs. 45 crores. That will give you a decent idea right now, how well run Bhansali Production house is. On a video IP business, it is a very good number.
- Jyoti Singh:** Great sir. Thank you so much.
- Vikram Mehra:** Thank you, ma'am.
- Moderator:** Thank you. Next question is from the line of Harshit from Premji Invest. Please go ahead.
- Harshit Toshniwal:** Yes. Hi. Congratulations on the deal, sir. I think the question was more so for example, after this transaction, Bhansali Films, if I am assuming Rs. 320 crores being the primary capital, their balance sheet would have Rs. 300-350 crores of capital. If I just do some maths around say for example Rs. 100 crores is the cost of the film, Rs. 150 crores under 12 months' timeline, would it imply around two films per year is the kind of budget which we have in mind? So, one probably can be SLB himself and the other one can be co-partnerships, but do you as an investor look at it in that format that how much working capital they have and then how much films and songs we can get a year, around 10-15 songs a year?
- Vikram Mehra:** A very valid and very fair question. I think the right way for you to look at should be two to three non-Bhansali films and one Bhansali directed film coming every 18-24 months.
- Harshit Toshniwal:** Right. Exactly. So, around three to four for two years, basically two to three films per year.
- Vikram Mehra:** We are looking at minimum five films in two years.



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- Harshit Toshniwal:** Understood sir. Got it. And sir then would it be right to assume that we will be having the IP for all the five films, not just SLB sir's films? So, our deal on the songs will be applicable to all the films, all the five films?
- Vikram Mehra:** Yes sir, absolutely. So, the deal is that any film which is produced, not directed by SLB sir, any film which is produced by Bhansali Productions, which may be directed by Sanjay Leela Bhansali or may be directed by somebody else but creatively supervised by Sanjay Leela Bhansali, music of all those films will now automatically come to Saregama without bidding for it.
- Harshit Toshniwal:** Fair point. Right. No sir, I think then it makes a good sense because that means a pipeline of 10-15 songs.
- Vikram Mehra:** And you are talking of films, I am not able to guess your age with your voice, but Hum Dil De Chuke Sanam and Devdas and Ram Leela and Bajirao Mastani, they are like iconic films from the music album's perspective. I wish all this music was sitting out there with us. I only have one album of his, Gangubai Kathiawadi and that also does very, very well for us. So, he has an amazing knack for giving music that does very well and has got a very long shelf life.
- Harshit Toshniwal:** Right. No sir, I completely take your point. I just want to understand that my numbers of say 10-12 songs a year pipeline we are getting in a way through this deal, it matches with your assumption at this amount of time in terms of --
- Vikram Mehra:** That's 10 all are in the pipeline, you are looking at two to three years for this, I will say three more years for these 10 films to come out.
- Harshit Toshniwal:** Yes. No, I was saying 10 songs per year, more like five songs into two films a year kind of a run rate.
- Vikram Mehra:** No, what happens is they are like, in any particular year say we talk about Hindi, there are only two or three marquee films that we end up picking. So, if I take the example of FY26, the only marquee albums that we have picked up in Hindi this year, one is Dhurandhar, whose performance I am sure you guys are tracking, and then there is a new movie coming up called Tu Meri Main Tera Main Tera Tu Meri. So, during the year in Hindi there are only two peak tent-pole properties that we have taken. Last year the properties were Stree 2, Sky Force and we also had Bad News.
- So, we do not go for more than two to three very big budget films. Rest of the ones right now are either taken smaller or we get into artist-driven music and not film-driven music. So, though I have said 30% of my film music is going to come from Bhansali, that's my commitment out here, but I think the number will be closer to 40%, maybe 50%. Because all his films are marquee films.



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You have given me a good excuse to talk about Dhurandhar here. Dhurandhar today, a single film, we have got 11 songs in the album that we have received from Dhurandhar. Each of those 11 songs today is sitting on Spotify charts. Never before in history has it ever happened. So, that's the power of a marquee album. It is generating between 60-65 lakh streams on a daily basis on Spotify. We had a similar experience with Stree 2 last year.

So, there are few albums that do very well during the year. The fight of all the music labels is to grab those albums. So, those albums only result in bidding war, rest of them do not have this kind of a bidding. Sanjay Leela Bhansali is one of the biggest names that everybody wants to go after because his music always does very, very well. We have secured that pipeline.

Harshit Toshniwal:

Sure. If I have the liberty, if I can just have one more question. This is on the Rs. 140-150 crores of release of capital which you mentioned. Firstly, that number was actually a large one. I did not know that the video business is consuming that amount of working capital on our balance sheet. Can you help us that what could have been corresponding some kind of a revenue on to it? Or basically is this sitting entirely in the inventory right now?

Vikram Mehra:

Right now, in Q2, we had Rs. 200 crores plus number sitting out there on a balance sheet against the video segment which is over 90% of that is only films. As stated, we are going to wind that down as films keep on getting released. There is enough in the pipeline at this moment, so we cannot shut down this part. As the movies keep on getting released, all those funds are going to get released right now and will become part of the equity infusion for Bhansali Production House.

Harshit Toshniwal:

Will this also help in reducing our OPEX? If I look at my overall OPEX, roughly around Rs. 200 crores odd per year. Will a large part of the OPEX, obviously, that includes everything from songs to IP, everything. Will this also reduce?

Vikram Mehra:

In OPEX's real stuff is music.

Harshit Toshniwal:

So, video is not a large contribution.

Vikram Mehra:

Video segment is a very small team. But I am acknowledging that on the video our margins have been very checked. So, rather than investing that kind of money in margins which are not so great, much rather go out there and take the same money, put it in a production house that does very, very well, creatively is great, financially great performance has been there in the past. So, that we get our end objective that we want to secure the music through video. That has always been the objective of getting into the space of films. We secure that, then there's no need for us to stay in producing our own films.



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- Harshit Toshniwal:** Fair point. And sir, one last thing, beyond FY '30, the clause that we can have a higher stake, it's too far away, but the probability, the pricing, etc. will be a later fact itself. But do you think that we will do it only in case if this does well? Or we plan to do it respectively?
- Vikram Mehra:** No, no, absolutely. I know I am repeating I think the third or the fourth time, the beauty of this deal, we are not paying for past glory, we are respecting the past glory. We are paying for future performance. The better those guys do out there and do the performance, better their valuation can be and happier it will make us.
- Harshit Toshniwal:** Got it. Congratulations and all the best.
- Vikram Mehra:** Thank you. Thanks a lot.
- Moderator:** Thank you. Next question is from the line of Govindarajan Chellappa from CNS Investment Managers. Please go ahead.
- Govindarajan Chellappa:** Yes, hi Vikram. A couple of questions. First, has the board decided any maximum cash outflow that you are willing to employ in this deal? Because the stake is unknown depending on performance, etc. Have you fixed a ceiling on how much cash you are willing to put behind this?
- Vikram Mehra:** Let me answer the question the other way. The valuation of the company after the end of three years can be anything between Rs. 650 crores to Rs. 1,590 crores. And at this stage, we will be happy if they do extremely well. And they go to this Rs. 1,590 crores kind of a number, we will be happy sitting right now at whatever stake that results into which will be close to 28% stake. We will be happy doing that.
- Govindarajan Chellappa:** Yes. So, based on this, if you pay Rs. 325 crores and the valuation turns out to be Rs. 1,590 crores, and you decide to exercise the option to increase the 28%, you will have to put in an additional Rs. 120 crores in 2028. That's correct?
- Vikram Mehra:** Yes, somewhere there. Yes.
- Govindarajan Chellappa:** And we are done after that?
- Vikram Mehra:** At this juncture, yes, we are done. We are very happy. See, we have got what we people wanted. We have got a video business which is going to go back and give far better returns. We went out there and secured our own pipeline of music. We are very, very comforted that way.
- Govindarajan Chellappa:** My question is, we are done as in then that 51% doesn't arise?
- Vikram Mehra:** At this moment, we do not see the need. Again, you are asking me a hypothetical question which we think we are going to go five years later. Right now, we are very, very comfortable. I am repeating the driving factors of our decision-taking process is not to get majority of the film



production business. The driving factor is to secure the music pipeline. To do that, we had our own business in which we were not doing a great job. Instead of doing it ourselves, we have taken a position in the most reputed production house with a very strong financial history. What it is going out there and doing us, while it secures a music pipeline, it also improves the margin profile of video business. And that's all we want to do at this moment.

Govindarajan Chellappa: Just to summarize, the best case for you is you pay Rs. 445 crores for 28% stake at the best case valuation and nothing more than that?

Vikram Mehra: Yes.

Govindarajan Chellappa: Okay. Secondly, all the music rights that you have secured, is the structure of rights similar to what you normally have in other commercial transactions

Vikram Mehra: Yes, structure is the same. The value will be different, but structure is the same.

Govindarajan Chellappa: And the value you said is the percentage of the film's cost?

Vikram Mehra: Yes.

Govindarajan Chellappa: Okay. What happens to the IP of the past library, not the music, I am talking about the video? The films that Mr. Bhansali has done, do they all reside in this?

Vikram Mehra: Yes. So, many of the films, he has got part ownership sitting there. Most of the films, he did not own 100%, but there is ownership of some of the bigger film shops, part ownership sitting out there in the same company.

Govindarajan Chellappa: Okay. Last question, I am taking this opportunity to ask you, there have been significant changes in pricing by some of the OTTs in the last one month. Any thoughts on that?

Vikram Mehra: Sir, good you raised this question. Yes, there is a pricing. You are talking about video OTT, right? The acquisition prices by video OTT.

Govindarajan Chellappa: No, no, no. I am talking about audio OTTs.

Vikram Mehra: No, no. So, audio OTT, the subscription part, we have been seeing all throughout. The subscription story is building bigger and bigger. And we have seen the impact of the subscription story going back and helping us. And the beauty is, when you go out there and get films like Dhurandhar, even India's story is great, which is building up. Still a small base, but the story is building up. The international parts, the numbers are coming out very, very decent for us. So, overall, the play and the belief that we people have that music will eventually end up having per stream, yield is going to be improving, subscription is playing out. It's playing out at a slightly slower speed than what we would have wished, but it is playing out.



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Govindarajan Chellappa: Actually, my question was specific to a particular OTT making major changes to prices. I am not taking names. I am asking, what does it do to the industry?

Vikram Mehra: No, no. So, the subscription revenue is going up for all of us.

Govindarajan Chellappa: As a result of that price change? Sorry, I was asking, as a result of that price change your subscription revenue is going up, is what you are saying?

Vikram Mehra: All our subscription revenue for us is going up. You are getting into very specific. I cannot. They are my partners. I cannot comment on their strategy. But subscription revenue is going up for the entire industry, including Saregama. Since we are acquiring a larger market share compared to other people, we are the biggest beneficiary of this.

Govindarajan Chellappa: Okay. Thank you.

Moderator: Thank you. Next question is from the line of Pallavi from Sameeksha Capital. Please go ahead.

Pallavi Deshpande: Yes, thank you for taking my question again. I wanted to understand in terms of Mr. Sanjay Leela's age is 62 years. So, if something were to happen, God forbid, to him tomorrow, is there any insurance, how does it work?

Vikram Mehra: I cannot get into these specific deal details. But all I can go back and say that there are enough checks and balances also to the deal structure. Beyond that, I cannot comment on this.

Pallavi Deshpande: Okay. Thank you.

Moderator: We will take our next question from the line of Jaideep Merchant from Janak Merchant Securities. Please go ahead.

Jaideep Merchant: Vikram, just wanted to understand if the video rights of these songs which will be released, will they also be part of this deal?

Vikram Mehra: Yes, absolutely. See, it is like any music that we are acquiring today. Like Gangubai Kathiawadi has been acquired by us. We had already acquired the music of Love & War a year back. So, that deal is already in place with Bhansali. The money that I am paying them; I will end up getting a share of that back into my own system because of the equity ownership. But the structure of the deals do not change. When we pay, we end up getting audio rights and the music video rights in perpetuity, global territory. Nothing changes.

Jaideep Merchant: Alright. Second question, we attempted one more deal earlier in the year as per the Dharma and that did not happen. Was there a pressure to do a transaction with the next largest or the third largest to put capital on the table, to secure the pipeline?



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Vikram Mehra:

Where is the question of pressure coming in? We will do what is in the best interest of the company. You are forcing me to repeat myself. Other people are going to get bugged out by me, but we were very, very clear. We got into the films business because we want to secure our music pipeline. All our big competitors now also have a film production business going on. And we are a little scared of the fact that it shouldn't happen that we are not able to get enough marquee film music albums. Because if my competitors produce the film, they do not release that album on the market. That's the reason we got into films.

When we got into the films, we also took a call, we will not take big budget bets out there in this entire film business. We were going with the smaller films. We have not done a great job right now of that entire process. But the need to secure music pipeline is very much out there. We were talking to one production house; the things were not working out the way we wanted those to go back and work. With this production house what we love is the nature of the deal. It's nothing dependent on the past. It's completely dependent on future performance.

So, that's the reason we had gone out there and done that deal. If there was any pressure, we would've had done deals earlier with other production houses also. The question of pressure doesn't come up. It is part of a strategic play for us to secure our future.

Jaideep Merchant:

Alright. And lastly related to this question, does this have an exclusivity from our side also? Because since Mr. Bhansali cannot do anything, does this restrict us from doing another transaction with another production house? If something comes along say after one year.

Vikram Mehra:

We have enough leeway right now to do whatever we want to do. That's all I can say.

Jaideep Merchant:

Thank you. All the best.

Vikram Mehra:

Thank you.

Moderator:

Thank you. Next question is from the line of Raghav from Dhamma Capital. Please go ahead.

Raghav Mittal:

Hi Vikram. Good evening. Congratulations. Just a couple of questions from my side. So, how do we think about Bhansali Productions Private Limited's sustainable revenue and margin trajectory? Like FY25 was Rs. 300 odd crores with say Rs. 60 odd crores PAT. But when I just look at '23, '24 or '22, the numbers are quite different. So, maybe if you are missing something, what is the profitability of the business on a sustainable basis?

Vikram Mehra:

So, again, the question always comes right now. Where the question is coming from is that if they end up doing performance like '23 or '24, are we overpaid? I am assuming that's the underlying thought. So, the beauty is, first, it will not happen. But even if it happens, that means we will end up getting the company right now at the lower end of the spectrum, which is Rs. 650



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crores. So, it's in their interest to go back and drive the top line and in a fashion because the multiples are on operating margins and not just on the revenue side.

It's in their interest. We have gone back and seen their pipelines about how many stories, what level are the stories. Many of them have reached the screenplay level and also have cards attached to it. We know how things are going to roll out. They had this issue that every time they had to do a film they needed to raise capital for which they needed to pre-sell the rights either to digital and/or theatrical also, which they were very uncomfortable with. All that is going to be history with this primary capital infusion which is happening in that company. So, they will be in a much stronger position to go out there and play it on the front foot.

Raghav Mittal:

Makes sense. So, to clarify, the net revenue numbers of the entity which is Rs. 5-10 crores over the last three years each, and then Rs. 20 odd crores in '19, '20 and '21, you think that captures the full essence of the business? There's nothing being done outside the entity's financials, so we are not missing something?

Vikram Mehra:

So, now the way we people are going to go ahead.... Just give me a sec, let my CFO answer this.

Pankaj Chaturvedi:

See, Bhansali Productions Private Limited and affiliates, if any, are all under the control and supervision of Mr. Bhansali. There might be different structures for doing business. If I can just simplify, their entire business consolidated into one entity is what we are going to enter into. If you have any more questions around it, you can ask me because there will be structuring of deals. Cannot reveal each and every aspect in a smaller detail. But if that is your question, we are entering into Bhansali Productions Private Limited. That's the legal entity.

Raghav Mittal:

Got it. Makes sense. And the second question, it's amazing that we will get exclusive sort of rights to all the music that Bhansali Productions produces. I was just curious to understand, how do you value, say, if you were going to pay Rs. 100 and then the bidding war happens, it goes to Rs. 105-107 as you said earlier in the call, so how do you value this money that we save from any absence of bidding? And, to your mind, how do you value this strategic and have you sort of included that value in the deal that we have done with Bhansali ji?

Vikram Mehra:

So, let me answer the second part of your question first. For every movie that we people have purchased over the last five years, this is a new Saregama which buys movies very aggressively. We have a clear-cut linkage back which is going in, that which kind of movies, and we typically define movies right now depending on their star-cast and the kind of directors that are attached to it, that the marquee films typically go at what percentage of the cost of production. Those things, benchmarks, are all sitting there with us.

So, when we are going out there and bidding, we are in the industry, we have a very decent idea when a film is being made that what is the rough cost of production of that particular film. Marquee properties typically go at the higher percentage cost, regular films go at a lower



percentage cost. So, even if the cost of production is the same, if it's a marquee property that means there are two, three really big directors who are known for their music sensibility. There are a couple of stars that are known out there for creating great music videos. If those guys are present in a film, typically the music cost as a percentage of the cost of production will be on a higher side.

So, those benchmarks are all sitting there with us for category of film for each of the languages, which makes it easier for us to decide what should be paid. And obviously when we have negotiated a deal, we have kept in mind that what we are paying out here should be lower than what we would have paid typically had we gone for bidding. And this was one of our preconditions of doing that deal, because we are doing videos to secure a music pipeline. Without that, there is no deal.

Raghav Mittal:

Right. Makes sense. And this X percentage of production cost, is it fair to say that this X percentage would have been going up over the years as everybody is more optimistic about subscription revenues picking up?

Vikram Mehra:

No. So, typically it has not gone up over the few years. But what happens is the issue always are the marquee properties. I will again repeat myself. During the year, Saregama only had two. And that's a normal thing for us in any cycle that we take only two or three marquee properties in a year. There are typically in any year five, six, seven best in Hindi language. In Tamil Telugu, they typically have four or five marquee music albums that come out. The bidding becomes stronger for them.

Bhansali music albums are the ones where large fights end up happening. Because his track record is very good as far as music is concerned. He shoots it visually in the most amazing fashion and has got very strong sense of music. You take any of their old movies from the public domain and you will realize that the music has done extremely well. So, we knew that we needed to take our marquee properties. We can lock majority of our marquee properties through Bhansali Productions itself at maybe a lower cost than what we would have had to pay had the bidding been there.

Raghav Mittal:

But does the valuation multiple benchmark us against the present and the past? Or is it subject to evolving if, again, the paying economy takes off and the cost of content goes up in the future, then is the valuation multiple that we are agreeing on today also subject to being upgraded?

Vikram Mehra:

So, again, you are looking at this juncture a three-year structure. We do not think the cost of production is going to go up that dramatically in a three-year period. I can say the reverse part also. If subscription starts moving at a slightly faster pace, somebody may turn back and say that the deal at which it was done is not good enough right now. The music content should be at a higher percentage of cost of production because the recoveries are becoming better.



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So, it applies on both sides but anyway it's a relatively shorter arrangement for the first three years. Though our deal is in perpetuity, if needed we can always have a conversation but right now we are protected. Unless we have an issue, we are protected from our side in perpetuity that we can keep on securing all their music at that percentage. And that percentage is extremely attractive. Otherwise, I would not have said right now that in short to medium run this will help us improve the music margins.

Raghav Mittal: Makes sense, Vikram. Thank you so much and wish you all the very best.

Vikram Mehra: Thank you.

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

Vikram Mehra: Thank you. Thanks once again for joining this call at such short notice. We are very excited about this deal. We have finally been able to crack what we have been wanting to do for last five to six years to secure a film music pipeline so that we are not susceptible to these bidding wars which may at times end up increasing the cost of marquee properties.

We are very confident also of the financial discipline which is there in Bhansali Productions. And the fact that the finance department out there is going to be completely overseen and controlled by us also gives us comfort that we will be able to sustain the profitability at the Bhansali Productions House. Need all your blessings and may I again request all of you guys that if you have not seen Dhurandhar yet, please go and watch the movie. The music belongs to Saregama and the music is doing extremely well.

Thank you, ladies and gentlemen.

Moderator: Thank you, sir. On behalf of Saregama India Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.