

Q1 2025

1. Revenue diversification efforts

- **Narrative:** Management has articulated a comprehensive plan to diversify revenue streams, focusing on content acquisition and leveraging the music and artist management sector. This strategy is designed to bolster the company's financial health and sustain its growth trajectory.

- **Management's Guidance:**

- Management aims for a significant revenue increase, with targets set for a 30% CAGR over the next 3 years, excluding Carvaan, and a doubling of PBT within the same timeframe. Additionally, they are on course to meet a target of INR300 crores plus for content acquisition this year.

- **Actual Results:**

['Q1', '2025']:

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- **Actual Results:**

- - Revenue increased by 15% in Q1 FY25.

- - The music revenue this quarter was at INR140 crores.

- - The Music and Artist Management segment grew by 6% year-on-year in this quarter.

- - INR1,000 crores is the number for 3 years, around INR300 crores plus is a number for this year.

- **Evaluation:**

- **{'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management's guidance aimed for a 30% CAGR, but the actual revenue increase in Q1 FY25 was only 15%, and the Music and Artist Management segment grew by just 6% year-on-year, falling short of the stated objectives.'}**

2. Profitability metrics

- **Narrative:** Management has articulated a clear strategy focused on robust revenue growth and financial sustainability. They have projected a substantial year-on-year revenue growth and outlined plans to enhance profitability metrics over the medium term. The approach includes strategic content investments with a defined payback period and targeted growth in specific business segments such as Pocket Aces and the video segment. These initiatives are expected to drive overall revenue and profitability growth.

- **Management's Guidance:**

- Management has projected a 30% year-on-year revenue growth for this year. The company aims to grow Pocket Aces with a CAGR of 25% and achieve breakeven by the end of the year. In the next 12 to 18 months, management intends to generate 8% to 10% margins in the video segment. The company maintains a guidance of a 5-year payback period for content investment.

- **Actual Results:**

['Q1', '2025']:

- In Q1 FY25, Saregama reported a 15% increase in revenue, which falls short of the projected 30% year-on-year revenue growth. The operating revenue was INR 205 crores with a pre-tax profit of INR 507 Mn. The net profit margin improved to 12% in Q1 FY25, indicating progress in profitability metrics. EBITDA increased by 9% and was 33% of the revenue for the quarter.

- **Evaluation:**

- **{'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The actual results showed a 15% increase in revenue, falling short of the projected 30% year-on-year growth indicated by management guidance, although there was progress in profitability metrics with an improved net profit margin.'}**

3. Licensing revenue growth

- **Narrative:** Management has outlined an aggressive growth strategy for the licensing vertical, emphasizing significant revenue expansion. They are focusing on leveraging their music assets to achieve substantial year-on-year growth, indicating confidence in their ability to scale the business considerably over the coming years.

- **Management's Guidance:**

- The management aims for the music vertical, including licensing, to achieve a revenue growth of 25% - 26% during the year. They anticipate the licensing revenue to double in 3 to 3.5 years, with a consistent 25% to 26% growth each year. The music business, excluding Carvaan, is projected to grow by at least 26% by the end of the year, and music licensing is expected to be on track for a 25% to 30% growth in the next quarter. Additionally, it is expected that 70% of the production costs should be recovered before a film's release through licensing TV and digital rights. Overall, the combined growth for licensing and artist management is projected at 26% year-on-year.

- **Actual Results:**

['Q1', '2025']:

- Management is on track for a 26% year-on-year increase in the music business, which is a combination of music licensing and artist management. The combined number for licensing and artist management is growing at 26% year-on-year.

- **Evaluation:**

- **{'evaluation': 'Expectations Met', 'evaluation_reason': 'The management's guidance for a 26% year-on-year growth in the music business, including licensing and artist management, was achieved as per the actual results, aligning with their stated goals.'}**

4. Digital distribution channels

- **Narrative:** Management elaborated on the strategic shift towards digital platforms, highlighting the transition of traditional retail products to e-commerce and modern trade channels. This move underscores the company's focus on leveraging digital distribution to enhance accessibility and reach.

- **Management's Guidance:**

- Management anticipates that the retail network for Carvaan will be reduced over the next two quarters, transitioning to a model that prioritizes e-commerce and modern trade by the end of the financial year.

- **Actual Results:**

['Q1', '2025']:

- Vikram Mehra mentioned that Saregama struck relationships with all 9 platforms and achieved efficiency levels 2.5 to 3 years ago.

- **Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The actual results provide information about past efficiency levels with digital platforms, but there is no direct data or follow-up commentary on the specific shift towards e-commerce and modern trade for Carvaan as outlined in the management guidance.'}

5. Market share expansion and positioning

- **Narrative:** Management outlined a strategic vision for Saregama to ascend from the second-largest to the leading music label in India. This plan involves substantial investments over the next three years, focusing primarily on the acquisition and development of new content to bolster market share.

- **Management's Guidance:**

- Management anticipates that through these strategic investments in new content, Saregama will achieve the status of the number one music label in the country within a three-year timeline.

- **Actual Results:**

['Q1', '2025']:

- In Q1 2025, Vikram Mehra mentioned that in the last year, 3 platforms have already moved behind a paywall.

- **Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The available data provides information about platforms moving behind a paywall, but lacks specifics on whether Saregama has achieved its goal of becoming the leading music label in India, making it difficult to determine if expectations were met, exceeded, or not met.'}

6. International market penetration

- **Narrative:** Management is focusing on increasing the company's presence in international markets, particularly by organizing multiple shows in regions like India and the UAE.

- **Management's Guidance:**

- Management has planned multiple shows to be conducted in India and UAE in the coming quarters, indicating a strategic move to enhance international market penetration.

- **Actual Results:**

['Q1', '2025']:

- 11 concerts were held in Canada and USA in Q1FY25.

- **Evaluation:**

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'Management planned shows in India and UAE, but the company exceeded these expectations by organizing 11 concerts in Canada and USA, indicating a broader international market penetration than initially outlined.'}

7. Cost management practices

- **Narrative:** The management of Saregama emphasized the importance of operational efficiency and strategic measures in cost management practices. They highlighted specific initiatives aimed at improving financial outcomes and achieving a sustainable cost structure. This includes efforts to streamline operations and make strategic investments to foster growth and enhance profitability. The approach is designed to maintain a balance between cost control and investment in growth opportunities.

- **Management's Guidance:**

- Management provided forward-looking guidance indicating that Pocket Aces, a strategic investment, is projected to reach a breakeven level by the end of the year. This aligns with their broader strategy to improve cost efficiency and optimize profit margins across their portfolio.

- **Actual Results:**

['Q1', '2025']:

- In Q1 FY25, the company reported a 5% reduction in operational costs. Additionally, Vikram Mehra mentioned a significant reduction in their retail network, and operational costs were reported at INR68 crores for the quarter.

- **Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation_reason': 'The management's guidance for operational efficiency and cost management was met with a reported 5% reduction in operational costs and strategic reductions in their retail network, aligning with their goal to improve cost efficiency.'}

8. Regional market focus

- **Narrative:** Management has detailed plans to expand the company's presence in regional markets by introducing new regional music labels. This strategic move is aimed at capturing a larger share of the regional music segment, which is seen as a key growth area.

- **Management's Guidance:**

- The CEO confirmed a target to launch five new regional music labels by the end of Q4.

- **Actual Results:**

['Q1', '2025']:

- There is no specific data available for Q1 2025 regarding the launch of new regional music labels or the performance in the regional market segment. The provided actual results data point, '5e006c9766cc354548443cda9ce08457 --> Vikram Mehra mentioned that in the last year, 3 platforms have already moved behind a paywall.', does not directly relate to the regional market focus or the launch of new music labels.

- **Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The actual results data does not provide specific information on the launch of new regional music labels or performance in the regional markets, making it impossible to assess if the expectations were met.'}

9. Subscription model improvements

- **Narrative:** Management highlighted their focus on enhancing customer engagement and experience through improvements in their subscription model. They aim to leverage strategic initiatives to drive subscriber growth and retention, which is crucial for sustaining competitive advantage in the evolving media landscape.

- **Management's Guidance:**

- The COO announced a plan to increase streaming subscribers by 30% over the next six months.

- **Actual Results:**

['Q1', '2025']:

- Unfortunately, the actual results related to the theme of Customer Engagement and Experience, specifically the subtheme of Subscription model improvements, for Q1 2025 are not available in the provided data.

- Evaluation:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The actual results for Q1 2025 concerning the subscription model improvements are not available, making it impossible to determine if the expectations were met, exceeded, or not met.'}

10. Content creation partnerships

- **Narrative:** Management emphasized a robust content creation strategy, highlighting a significant increase in investment directed towards new music content. This move is aimed at ensuring a steady flow of new content to maintain competitive advantage and market relevance.

- Management's Guidance:

- The company will be investing over INR 1,000 crores in new music content over the next 3 years. Vikram Mebhra stated that the content expenditure will incrementally increase over the next four to five quarters before stabilizing. Vikram Mehra stated that the content investment in FY '25 will be 50% higher than in FY '24, leading to a high content charge-off in FY '25.

- Actual Results:

['Q1', '2025']:

- Spent INR 467 Mn on new content in Q1 FY25.

- Evaluation:

- {'evaluation': 'Expectations Met', 'evaluation_reason': 'The company spent INR 467 Mn on new content in Q1 FY25, which aligns with the management's guidance of incremental increases in content expenditure over the next four to five quarters, indicating that the expectations for content investment have been met.'}

11. Market leadership and influence

- **Narrative:** Management highlighted the stability and steady performance of the company in recent months, indicating a strong position in the market.

- Management's Guidance:

- Management noted that the month of June has become completely stable, and July has been progressing steadily, suggesting continued market leadership and influence.

- Actual Results:

['Q1', '2025']:

- In Q1 FY25, Saregama demonstrated its market leadership and influence by adding over 30 new influencers and music artists, bringing their overall portfolio to upwards of 150. Additionally, they have a substantial internet footprint with direct or indirect control of 262 million followers across various channels.

- Evaluation:

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'Management's guidance suggested stability and steady performance, indicating market leadership. The actual results showed Saregama significantly expanded its influence by adding over 30 new influencers and music artists, and controlling a substantial internet footprint with 262 million followers, surpassing the stability and steady performance initially expected.'}