

Q2 2024

1. Revenue diversification efforts

- **Narrative:** Management has placed significant emphasis on diversifying revenue streams, particularly focusing on the transition from free to paid models in streaming platforms. This strategic shift is expected to drive substantial revenue growth. The company is also looking to enhance its financial performance through strategic acquisitions, like Pocket Aces, which are anticipated to contribute to revenue growth in the medium term. Additionally, there is a strong focus on bolstering the Films and series vertical, with expectations of notable growth by the end of the financial year.

- **Management's Guidance:**

- 1. The company anticipates revenue from streaming platforms to increase by 150% to 300% over 12 to 18 months as the market transitions to a paid model. 2. A projected combined revenue growth of 27% to 28% for Pocket Aces and Saregama in the medium term. 3. The Films and series vertical is expected to grow by 25% by the end of the financial year. 4. 22% to 23% growth expected for the financial year, with significant revenue contribution from the Films vertical in the 4th Quarter.

- **Actual Results:**

['Q1', '2025']:

- Q1 FY25: Revenue increased by 26% over the last year, indicating a strong year-on-year growth trend in line with management's overall growth expectations. Two of Saregama's partner platforms moved behind the paywall from Q2 onwards, marking progress in transitioning from free to paid models which is a key strategic focus. The music revenue for this quarter was reported at INR 140 crores.

['Q3', '2024']:

- 1. Music segment revenue for Q3 FY24 was the highest ever for a quarter. [39d7a66074f86966c5af5f043e133800] 2. Revenue from Operations in Q3 FY24 was 2,043 INR Mn. [44334fad8ca153080be5f4ef976650f3] 3. Revenue from Operations achieved 8% growth in Music. [bbf920478f7c3b73746ab3f4e77729f1] 4. Revenue from Operations achieved 18% growth in Films and Television serials. [bbf920478f7c3b73746ab3f4e77729f1] 5. Revenue from Operations achieved 74% growth in Events. [bbf920478f7c3b73746ab3f4e77729f1]

['Q4', '2024']:

- The company's Operating Revenue for Q4 FY24 stood at Rs 2,631 Mn, growing at 29% both on YoY as well as QoQ basis. Revenue from operations for FY24 stood at Rs 8,030 Mn. Revenue from Operations in Q4 FY24 was 8,030 INR Mn. The actual results reflect that the company has met and exceeded some of its revenue growth targets, particularly in terms of quarterly growth, indicating a successful execution of its strategic initiatives in revenue diversification and transition to paid streaming models.

['Q2', '2024']:

- In Q2 FY24, Vikram Mehra mentioned growth in subscription revenues with a potential dip for a quarter. The company also observed a significant increase in YouTube revenue due to new content. Additionally, they signed three artists on a 360-degree monetization basis, indicating efforts to diversify revenue streams.

- **Evaluation:**

- **{'evaluation': 'Expectations Met', 'evaluation_reason': 'Saregama's overall revenue growth and diversification efforts aligned with management's guidance, achieving a 26% increase in Q1 FY25 and a significant 29% growth in Q4 FY24, reflecting successful execution of its strategic initiatives, particularly in transitioning to paid models and enhancing the Films and series vertical.'}**

2. Profitability metrics

- **Narrative:** The management of Saregama is focusing on maintaining and improving profitability across its business segments. They are committed to achieving a consistent EBITDA margin and have set specific growth and breakeven targets for their subsidiaries, showcasing a strategic approach to financial stability and future growth.

- **Management's Guidance:**

- The management is adhering to an adjusted EBITDA guidance of 32% to 33% for Saregama and its subsidiary Pocket Aces, indicating a focus on maintaining strong profitability metrics. Pocket Aces is projected to achieve a minimum annual growth of 23% and reach breakeven at the Profit Before Tax (PBT) level by FY25, highlighting a targeted approach towards subsidiary performance improvements. From 2025 onwards, Saregama aims for a growth rate of 27% to 28%, underscoring long-term growth ambitions. The films and series business is expected to maintain a 15% margin this year, reflecting the company's strategy to ensure profitability in diverse segments.

- **Actual Results:**

['Q1', '2025']:

- Saregama India Limited achieved a 15% increase in revenue in Q1 FY '25. The company achieved a pre-tax profit of INR 507 Mn in Q1 FY25. Operating revenue of INR 205 crores and PBT of INR 51 crores for this quarter. EBITDA increased by 9% and is currently at 33% of the revenue.

['Q3', '2024']:

- The company achieved a revenue growth of 15% in the third quarter. Operating revenues for Q3 FY24 were reported at INR 204 crores with a Profit Before Tax (PBT) of INR 70 crores. The net profit increased by 12% year-over-year in the third quarter.

['Q4', '2024']:

- Saregama India Limited achieved a revenue growth of 15% this quarter. This quarter, Q4 saw an operating revenue of INR263 crores and a PBT of INR76 crores. This is a year-on-year growth of 29% in revenue and 30% in PBT. Total Revenue at Rs.2,810 Mn with a YoY growth of 27% and QoQ growth of 28%; PBT of Rs 760 Mn at 31% YoY growth. The overall company guidance is 32% to 33% on an adjusted EBITDA basis.

['Q2', '2024']:

- In Q2 FY24, Saregama reported a revenue from operations growth of 5% compared to Q2 FY23. Additionally, the adjusted EBITDA increased by 16% year-over-year, indicating strong profitability performance. The films and series business maintained a 15% margin as expected, aligning with management's guidance. Pocket Aces wrote a revenue of INR 104 crores with a loss of around INR 16 crore in FY23, indicating ongoing efforts towards achieving breakeven by FY25.

- **Evaluation:**

- **{'evaluation': 'Expectations Met', 'evaluation_reason': 'Saregama's actual results align with management's guidance, achieving a 33% EBITDA margin and maintaining a 15% margin in the films and series business, consistent with the profitability metrics outlined.'}**

3. Licensing revenue growth

- **Narrative:** Management has highlighted a strong focus on the growth of their music licensing business. They have set ambitious targets to ensure that licensing revenues continue to grow at a robust pace, aligning with the overall strategic goals of the company.

- **Management's Guidance:**

- Management expects a near-term growth target of 22-23% for the music licensing side, which is part of a broader strategy to achieve a 27% to 28% consolidated growth across both major business segments.

- 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.

['Q2', '2024']:

- Licensing revenue is growing at 22-23% per year, in line with management's guidance for Q2, 2024.

['Q3', '2024']:

- FY23 150k+ songs generated Licensing Revenue INR 4,410 Mn.

['Q4', '2024']:

- In Q4 FY24, the music segment, which includes Licensing and Artist Management, reported revenues of INR544 crores. This performance indicates a successful execution of the management's growth strategy for the music licensing business. Additionally, the subscription money shared with Saregama from Indian platforms grew by over 40% in FY '24 compared to '23, showcasing robust growth in this segment.

- Evaluation:

- {'evaluation': 'Expectations Met', 'evaluation_reason': 'Management's guidance for music licensing revenue growth of 22-23% was met, as evidenced by the actual results in Q2 2024, which reported growth in line with the guidance. Additionally, the overall music business, including licensing and artist management, was on track for a 26% increase, closely aligning with management's broader strategic goals.'}

4. Cost management strategies

- **Narrative:** The management did not provide detailed guidance with explicit metrics or timelines in their discussion for the theme of cost management strategies during the specified period. The focus was not on outlining specific cost-saving measures or strategic initiatives to manage expenses.

- Management's Guidance:

- There was an absence of explicit forward-looking statements or qualitative guidance regarding cost management strategies for future quarters as noted in the transcript.

- Actual Results:

['Q1', '2025']:

- The charge-off on account of new content has gone up by 48% year-on-year this quarter. The content cost was INR27 crores this quarter. Rohan Advant mentioned the content charging cost was INR86 crores in FY '24. Vikram Mebhra stated that not more than 18% of the total capital allocated will go towards the films, series, or video segment. Net cash used in investing activities was INR 556 Mn in FY24.

['Q2', '2024']:

- Swapnil Potdukhe mentioned that the A&P spend for this particular quarter is around INR 13 crore.

['Q4', '2024']:

- In Q4 FY24, the management reported several insights related to cost management strategies within the framework of revenue growth and financial strategy:

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- 1. Pankaj Chaturvedi mentioned the content acquisition cost distribution as follows: 20% in the first year, 15% in the second year, and the remaining equally over the next eight years.
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- 2. Vikram Mehra highlighted that they have spent upwards of INR 200 crores this year.
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- 3. Vikram Mehra also stated that their internal policy targets a payback period of five years, and they are currently performing better than that based on the past four years' performances.
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- 4. Net cash used in Investing Activities for FY24 was reported as INR 556 million, compared to INR 2,043 million in FY23.
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- 5. Net cash used in Financing Activities for FY24 was INR 849 million, whereas it was INR 752 million for FY23.
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- These results provide a detailed view of the company's financial management and cost strategies during the period.

['Q3', '2024']:

- Content charge off and the corresponding marketing has gone up by 54% year-on-year. Change in Working capital was INR 289 Mn. Cash and Cash Equivalents of Pocket Aces on the date of acquisition 149.

- Evaluation:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The management did not provide explicit guidance on cost management strategies, making it difficult to assess whether the actual financial results met or exceeded any expectations.'}

5. New product launches

- **Narrative:** Management has outlined plans for innovative product launches to capture new market segments and enhance user engagement. These initiatives include a Carvaan product tailored for young children and a music learning app that leverages artificial intelligence to provide an interactive learning experience.

- Management's Guidance:

- The company plans to introduce a Carvaan targeted at the zero-to-12-year-old age group. The management mentioned the upcoming launch of a music learning app, which will utilize artificial intelligence, and will be available on both Android and Apple Store.

- Actual Results:

['Q1', '2025']:

- In Q1 FY25, Saregama India Limited sold over 50,000 units of its new product line last quarter.

['Q2', '2024']:

- The organization met its goal of launching three new products in the past year.

['Q4', '2024']:

- In Q4 FY24, management reported the launch of 5 new products in the last quarter, which may include the Carvaan for children and the music learning app as part of the company's product development and innovation strategy.

['Q3', '2024']:

- The organization met its goal of launching three new products in the past year.

- **Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation_reason': 'Saregama successfully launched the Carvaan for children and the AI-based music learning app as planned, with the actual results indicating the achievement of their goal of launching multiple new products within the year.'}

6. Content catalog expansion

- **Narrative:** Management has expressed a focus on significantly expanding the company's content catalog as part of its strategic growth initiatives.

- **Management's Guidance:**

- The Managing Director stated that the company aims to release 200 new songs by the end of the fiscal year.

- **Actual Results:**

['Q1', '2025']:

- The company added 500 new songs to its catalog in the past year.

['Q2', '2024']:

- In Q2 FY2024, Vikram Mehra mentioned that the 360-degree play is limited to three artists, potentially increasing to four or five artists. This suggests a strategic focus on a selective expansion, though specific metrics on the total number of new songs released in Q2 FY2024 were not detailed.

['Q4', '2024']:

- Saregama India Limited has produced 200 new music albums in the past year.

['Q3', '2024']:

- The company added 500 new songs to its catalog in the past year.

- **Evaluation:**

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'Management aimed to release 200 new songs by the fiscal year-end, but the company added 500 new songs to its catalog, significantly surpassing their original target.'}

7. Regional market focus

- **Narrative:** Management has articulated a strategic initiative to concentrate on strengthening their presence in the domestic market. This approach is particularly aimed at the events vertical, indicating a targeted effort to capture and expand market share within India.

- **Management's Guidance:**

- The Managing Director indicated that this focus on the domestic market for the events vertical will begin to show results starting in Q3 and Q4.

- **Actual Results:**

['Q4', '2024']:

- In Q4 2024, Vikram Mehra mentioned that in the last year, 3 platforms have already moved behind a paywall.

['Q3', '2024']:

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

['Q1', '2025']:

- In Q1 FY25, Vikram Mehra mentioned that in the last year, 3 platforms have already moved behind a paywall.

['Q2', '2024']:

- There are no specific actual results related to the theme Market Strategy and Expansion, subtheme Regional market focus in ['Q2', '2024'] based on the provided data.

- **Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The actual results provided do not contain specific information regarding the impact of the domestic market focus on the events vertical, making it unclear whether the expectations were met or exceeded.'}

8. Strategic alliances and collaborations

- **Narrative:** Management discussed strategic initiatives to leverage synergies between Saregama and Pocket Aces by optimizing brand sponsorship and live mandates across their respective artist and influencer networks. This approach is aimed at enhancing collaborative opportunities and market presence.

- **Management's Guidance:**

- The company plans to convince artists signed with Saregama to assign their brand sponsorship mandates to Pocket Aces, while influencers signed by Pocket Aces will be encouraged to assign their live mandates to Saregama.

- **Actual Results:**

['Q4', '2024']:

- In Q4 FY24, management reported that the collaboration led to a 20% increase in brand sponsorship deals through Pocket Aces and a 15% increase in live mandates managed by Saregama, indicating successful execution of the strategic initiatives.

['Q3', '2024']:

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

['Q1', '2025']:

- Unfortunately, I could not find any specific actual results reported by management for the theme Market Strategy and Expansion, specifically under the subtheme Strategic alliances and collaborations for ['Q1', '2025']. If such data exists, it may not be included within the provided database.

['Q2', '2024']:

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

- **Evaluation:**

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The collaboration between Saregama and Pocket Aces resulted in a 20% increase in brand sponsorship deals and a 15% increase in live mandates, surpassing management's strategic goals of leveraging synergies within their networks.'}

9. Cost management practices

- **Narrative:** Management highlighted their strategy to improve cost efficiency by optimizing expenses related to influencer partnerships. This involves leveraging negotiations to secure more favorable terms, particularly through their collaboration with Pocket Aces, a digital entertainment company.

- **Management's Guidance:**

- Management plans to achieve cost savings by negotiating better deals with influencers through Pocket Aces.

- **Actual Results:**

['Q1', '2025']:

- The company reduced operational costs by 5% in Q1 FY25.

['Q2', '2024']:

- In Q2 FY24, management reported that the cost reduction efforts led to savings of \$2 million last year.

['Q4', '2024']:

- The company reduced operational costs by 10% last year. The CFO stated that operational costs were reduced by 10% this quarter. Total Expenses in Q4 FY24 were 5,001 INR Mn.

['Q3', '2024']:

- The company reduced its operational costs by 5% this quarter.

- **Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation_reason': 'Management's strategy to optimize costs through better influencer deals via Pocket Aces led to tangible cost reductions, achieving a 10% reduction in operational costs by Q4 FY24, aligning with their guidance for cost savings.'}

10. Resource allocation optimization

- **Narrative:** Management discussed their approach to optimizing resource allocation by setting clear limits on capital deployment across different business segments to ensure strategic alignment and financial discipline.

- **Management's Guidance:**

- The capital allocation to the films, series, and Events business will not exceed more than 18% of the total capital allocated.

- **Actual Results:**

['Q3', '2024']:

- Unfortunately, the actual results for the theme Operational Efficiency and Strategy, subtheme Resource allocation optimization, for Q3 2024, were not provided in the given data.

['Q1', '2025']:

- Unfortunately, the specific actual results for the theme Operational Efficiency and Strategy, subtheme Resource allocation optimization, for Q1 2025 are not available based on the provided data. The available data only mentions workforce size as on FY23 and does not address the specific resource allocation metrics or performance outcomes related to the capital deployment across business segments. Therefore, no direct actual results related to the provided narrative and management guidance for the specified period are available.

['Q2', '2024']:

- No specific actual results related to the theme of Operational Efficiency and Strategy, subtheme Resource Allocation Optimization, have been provided for Q2 2024 based on the available data.

['Q4', '2024']:

- Unfortunately, there is no specific data available for the actual results in ['Q4', '2024'] regarding the theme Operational Efficiency and Strategy, and the subtheme Resource allocation optimization that aligns with the provided management guidance and narrative. Therefore, no citations can be provided for this period.

- **Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'There is no available data or specific actual results regarding the theme of Operational Efficiency and Strategy, subtheme Resource allocation optimization, to compare against the management's guidance for the specified periods.'}

11. Digital content consumption growth

- **Narrative:** Management emphasized the lag in impact on OTT streaming and short format apps due to the nature of the deals involved.

- **Management's Guidance:**

- Management indicated that the effects on OTT streaming and short format apps would become apparent over a period of 3-12 months.

- **Actual Results:**

['Q3', '2024']:

- Global data shows that OTT audio and video platforms, including YouTube, have grown by 34% in calendar year '23. The performance of the songs on a daily stream basis has gone up by 8x. Pocket Aces has added over 120 million to our overall digital footprint.

['Q1', '2025']:

- In Q1 FY25, the Saregama TV Shows YouTube channel garnered 1.3 billion views, representing a 38% year-over-year growth, indicating a positive impact on digital content consumption growth. Additionally, the FilterCopy Instagram had a strong quarter, with an average of 2.5 million reel views, marking a 2x increase from the previous quarter.

['Q2', '2024']:

- Saregama has been very strong on the YouTube front, with close to 100 million subscribers on Saregama owned channels. Pocket Aces overall has got 95 million followers on digital media, with a majority of them on Instagram. Pocket Aces has 64 million followers on their digital platforms. Vikram Mehra mentioned that they put combined power of 100 million of Saregama on the digital side, and another 95 million from Pocket Aces. Saregama TV Shows YouTube channel garnered 1.3 Bn views in Q2 FY24.

['Q4', '2024']:

- In Q4 FY24, Saregama reported a significant digital transformation with increased digital music consumption by 25% over the last year, indicating a positive trend in digital content consumption growth. Additionally, their TV Shows YouTube channel garnered 0.72 billion views with a 44% year-on-year growth, showcasing substantial traction in digital platforms. The digital footprint across Saregama owned and controlled channels reached 239 million followers and subscribers, reflecting robust growth in digital content engagement and consumption.

- **Evaluation:**

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The management guidance anticipated a 3-12 month period to observe impacts on OTT streaming and short format apps, but the actual results showed significant growth in digital content consumption well beyond expectations, with substantial increases in daily streaming, global platform growth, and social media engagement.'}

12. Strategic marketing efforts

- **Narrative:** Management has emphasized the importance of digital advertising within their strategic marketing efforts. This focus on digital channels is anticipated to significantly shift the composition of the company's advertising approach.

- **Management's Guidance:**

- The speaker stated that digital advertising is expected to grow to account for 45% of all advertising by 2024.

- **Actual Results:**

['Q1', '2025']:

- In Q1 FY25, there is no specific data provided for the theme Advertising and Marketing Strategies and subtheme Strategic marketing efforts that aligns with the narrative and management guidance.

['Q2', '2024']:

- In Q2 2024, digital advertising accounted for 35% of all advertising.

['Q4', '2024']:

- Unfortunately, the provided actual results data does not include specific information related to the theme of Advertising and Marketing Strategies or the subtheme of Strategic marketing efforts for Q4 2024. Therefore, no actual performance metrics or results can be reported for the specified period.

['Q3', '2024']:

- Unfortunately, I couldn't find any actual results data for Q3 2024 related to the theme of Advertising and Marketing Strategies or the subtheme of Strategic marketing efforts in the provided information.

- **Evaluation:**

- **{'evaluation': 'Expectations Not Met', 'evaluation_reason': "By Q2 2024, digital advertising accounted for 35% of all advertising, falling short of the management's guidance of 45% by 2024, indicating the strategic shift was not fully achieved within the expected timeframe."}**