Q1 2025

1. Revenue Growth and Targets

- **Narrative:** Management consistently emphasizes revenue growth targets across various segments. Specific growth percentages are cited for different verticals, indicating a focused approach to expansion. There's a strong emphasis on the music vertical (licensing and artist management), with targets exceeding 25% growth. Pocket Aces, another segment, is expected to reach breakeven by year-end. There's also discussion about overall revenue growth targets, with projections exceeding 26% year-on-year growth for the music business and a 30% year-on-year increase projected for the year. The company highlights that this is an unprecedented growth rate for them.
- **Management's Guidance:**
- Management provided guidance including a 15% increase in sales revenue by year-end, 26% YoY growth in the music business, 25-30% music licensing growth, Pocket Aces aiming for 25% CAGR and breakeven by year-end, overall revenue (excluding Carvaan) to grow at a 30% CAGR over 3 years, and a 30% YoY growth for the year.
- **Actual Results:**

['Q1', '2025']:

- Multiple sources report conflicting revenue figures. One source indicates INR 1,544 Mn in Q1 FY25 operational revenue, while another states INR 6,000 Mn. A 15% increase in sales revenue is mentioned in several statements, but the specific timeframe isn't always clear. Growth in Digital Media revenue was 19.6% YoY, while Traditional Media revenue declined by 10.8% YoY. Income from Operations showed a minor 0.6% YoY growth. An 8% revenue increase is also reported. The music business showed a 26% year-on-year increase, aligning with management's guidance. Carvaan revenue significantly dropped compared to Q1 FY24.
- **Evaluation:**

- {'evaluation': 'Partially Met expectations', 'evaluation_reason': "While the music business met expectations with 26% YoY growth, overall revenue figures are conflicting and don't provide a clear picture of whether the overall targets were met. The significant drop in Carvaan revenue also negatively impacts the overall assessment."}

2. Profitability and EBITDA Margin Targets

- **Narrative:** Management provides guidance on adjusted EBITDA, aiming for 32-33% of revenue. They link this to strong IP ownership, long-term strategy, adequate capital, and a growing digital footprint. There's also a longer-term projection of doubling PBT (Profit Before Tax) within 3-3.5 years. There's acknowledgment that profit growth might lag revenue growth in the initial 12-18 months, but it's expected to catch up and eventually surpass revenue growth. Cost reduction initiatives are also mentioned, aiming for a 10% decrease in operational costs within six months.
- **Management's Guidance:**
- Management aims for 32-33% adjusted EBITDA, doubling PBT in 3-3.5 years, and a 10% reduction in operational costs within six months.
- **Actual Results:**

['Q1', '2025']:

- EBITDA was -134 INR Mn in Q1 FY25, resulting in a negative EBITDA margin. PBT was -228 INR Mn. A statement mentions a 9% increase in EBITDA, reaching 33% of revenue, but this seems inconsistent with the negative EBITDA figure. A 5% reduction in operational costs is reported, and a 10% reduction in Q1 FY25 is also mentioned, but this is below the management's guided 10% reduction within six months.
- **Evaluation:**

- {'evaluation': 'Did not meet expectations', 'evaluation_reason': 'The company significantly missed its EBITDA and PBT targets in Q1 2025, reporting negative figures instead of the guided 32-33% adjusted EBITDA. Cost reduction also fell short of the target.'}

3. Content Acquisition Strategy

- **Narrative:** A significant investment in content acquisition is planned, with a target of INR 300 crore+ for the year. Management mentions a broader three-year plan for content investment of around INR 1000 crore. They emphasize a focus on smart acquisitions to ensure a high ROI. There is also discussion of a 5-year payback period for content investment.
- **Management's Guidance:**
- INR 300 crore+ content acquisition target for the year, INR 1000 crore content investment over the next 3 years, and a 5-year payback period for content investment.
- **Actual Results:**

['Q1', '2025']:

- INR 27 crore was spent on content acquisition in Q1 FY25, and another source mentions INR 47 crore. This is significantly lower than the annual target.
- **Evaluation:**

- {'evaluation': 'Did not meet expectations', 'evaluation_reason': 'Q1 2025 content acquisition spending was far below the annual target, indicating a significant shortfall in meeting the planned investment.'}

4. Distribution Strategy Shift

- **Narrative:** Saregama is dramatically reducing its retail network, aiming to transition primarily to e-commerce and modern trade channels within the next two quarters.
- **Management's Guidance:**
- Significant reduction in retail network over the next 2 quarters, becoming primarily e-commerce and modern trade focused by year-end.
- **Actual Results:**

['Q1', '2025']:

- No specific data on actual retail network reduction is available in the provided data.
- **Evaluation:**
- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': 'Insufficient data is available to assess the progress of the retail network reduction.'}

5. Market Share Expansion

- **Narrative:** Management expresses intentions to expand market share, with targets ranging from 10% to 15% within the next six months or by the end of the fiscal year.
- **Management's Guidance:**
- Market share expansion of 10% in the next six months and 15% by year-end.

- **Actual Results:**
['Q1', '2025']:
- No data on market share expansion is available in the provided data.
- **Evaluation:**
- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': 'No data is provided to assess market share expansion in Q1 2025.'}

6. Subscription Model Growth
- **Narrative:** Management anticipates significant growth in paid subscriptions, projecting at least 50 million subscribers within the first 12-18 months.
- **Management's Guidance:**
- At least 50 million paid subscribers within the first 12-18 months.
- **Actual Results:**
['Q1', '2025']:
- No data on the number of paid subscribers is provided.
- **Evaluation:**
- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': 'No data is available to assess the growth in paid subscriptions in Q1 2025.'}