

Q3 2023

1. Financial Performance

- **Narrative:** Saregama expresses strong confidence in its ability to maintain substantial revenue growth, citing the quality of its catalog and new music acquisitions. Growth across music and Carvaan is highlighted, with specific mention of licensing revenue continuing its strong growth trajectory (over 20% year-on-year). The company projects continued growth in its Films, Events, and Series business.

- **Management's Guidance:**

- Saregama anticipates music licensing to grow between 22% and 25% annually over the next 3-5 years. The company projects Films, Events, and Series business to grow at 25% annually. Management aims for a 15% to 20% margin on the Films and Series business. Growth numbers for Music and Carvaan will be shared at the end of the fiscal year, but are currently stated to be over 20%.

- **Actual Results:**

['Q4', '2023']:

- Revenue from Operations increased to INR 5,566 Mn in FY23 from INR 3,814 Mn in FY22 (a 45.9% increase). Revenue from Operations was INR 1,645 Mn in Q4 FY23, a 10.0% increase from Q3 FY23 and a 75.8% increase from Q4 FY22. The contribution of B2C revenue as a percentage of total revenue doubled in FY23 vs. FY22. Licensing revenue grew by more than 20% for the fifth consecutive year. The Film, Series and Events vertical revenue crossed Rs. 150 crores in FY23. Overall revenue grew by 20% for FY23. Carvaan unit sales grew by approximately 40% to 5.6 lakhs in FY23 compared to 4 lakhs in FY22. FY23 operating revenues were Rs. 751 crore, and PAT was Rs. 189 crore (revenue growth of 29% YoY, PAT growth of 24% YoY). Revenue growth over the last seven years was at a 23% CAGR, while profit growth was at 59% CAGR. 48% of Saregama's revenue in FY23 came from music released post-2000. EBITDA margin was 8.49% for FY23. Adjusted EBITDA was in the range of 32% to 33%. Net Profit Margin was 1.68% for FY23.

['Q1', '2024']:

- In Q1 FY24, Saregama reported a 60% year-on-year revenue growth, primarily driven by enhanced B2C monetization. Music business showed a healthy 17% growth. Carvaan volumes grew by more than 50%. Overall operating revenue reached INR 163 crores, and PBT was INR 59 crores. The company maintained its guidance of 22-23% growth in music licensing revenue for the full year. Adjusted EBITDA margin at the company level was projected to remain above 32-33%, factoring in costs.

['Q2', '2024']:

- In Q2 FY24, Saregama reported INR 3,524 Mn in consolidated revenue from operations. Digital Media revenue declined by 2.1% to INR 639 Mn year-on-year, while Traditional Media revenue increased by 65% to INR 827 Mn. Income from Operations was INR 1,466 Mn, a 35.7% YoY increase. EBITDA was INR 250 Mn with a margin of 7.08%. Net profit was INR 36 Mn (1.01% margin). Licensing revenue growth was reported as 22-23%, slightly below the initial guidance.

['Q3', '2023']:

- Q3 FY23 operating revenues reached INR 1496 Mn, a 2.0% QoQ increase. 9M FY23 Revenue from Operations totaled INR 3921 Mn, up from INR 2878 Mn in 9M FY22. Music licensing revenue grew by over 20%. The Music segment achieved INR 433 crores revenue in 9 months, a 25% year-on-year growth. Carvaan sales reached 168K units in Q3, compared to 141K the previous year. Films, Series and Events revenue doubled year-on-year to reach approximately INR 100 crores in the first 9 months.

- **Evaluation:**

- {'evaluation': 'Partially Met expectations', 'evaluation_reason': "While music licensing exceeded expectations by exceeding the 20% growth target, the provided data doesn't offer a precise comparison for the growth rates of the Films, Events, and Series business or the Music and Carvaan segments against the management's guidance for the full year. Additional data is needed for a complete evaluation."}

2. Content Strategy and Production

- **Narrative:** The company achieved significant growth in views (from 44 billion in Q2 to 53 billion in Q3). Future film releases are anticipated for Q4 of the current fiscal year and Q1 and Q2 of the next fiscal year.

- **Management's Guidance:**

- Increased viewership numbers demonstrate significant audience engagement. A pipeline of films is planned for release in subsequent quarters.

- **Actual Results:**

['Q4', '2023']:

- No specific quantifiable actual results directly tied to this guidance are present in the provided Q4 data.

['Q1', '2024']:

- In Q1 FY24, Saregama released 300 new songs across various platforms. The company achieved market leadership in the Hindi music segment at an all-India level for the April-June quarter. Shemaroo FilmiGaane had 65 million YouTube subscribers, making it the 22nd most subscribed channel globally. Shemaroo GEC channels held a 7% viewership share in the Hindi GEC genre.

['Q2', '2024']:

- In Q2 FY24, Saregama released 100 new songs, significantly expanding its music library. The success of "Zara Hatke Zara Bachke" and "Romancham" in previous quarters contributed to positive momentum.

['Q3', '2023']:

- Viewership increased from 44 billion in Q2 to 53 billion in Q3. Bhojpuri language content saw 4 massive hits, collectively crossing 15 crores views on Saregama's official Bhojpuri YouTube channel in one quarter.

- **Evaluation:**

- {'evaluation': 'Met expectations', 'evaluation_reason': "The actual results show a substantial increase in viewership, aligning with management's expectation of increased audience engagement. The release of new films, though mentioned as planned, is not directly measured in Q3 results."}

3. Market Dynamics and Competition

- **Narrative:** Saregama highlights its leading market position in several languages and aims for the number one position in all major Indian languages within the next 12-18 months.

- **Management's Guidance:**

- The company expects to achieve a number one market position across major Indian languages within 12-18 months.

- **Actual Results:**

['Q4', '2023']:

- No specific quantifiable actual results directly tied to this guidance are present in the provided Q4 data.

['Q1', '2024']:

- In Q1 FY24, Saregama achieved clear market leadership in the Hindi music segment at an all-India level for the April-June quarter.

['Q2', '2024']:

- No specific quantifiable results related to market share are available from the provided data for Q2 FY24. However, Saregama highlighted its strong YouTube presence with nearly 100 million subscribers across its owned channels, and the combined power of Saregama (100 million digital subscribers) and Pocket Aces (95 million) making them more attractive than competitors.

['Q3', '2023']:

- Saregama had already achieved a leadership position in some languages and was number two in others. Shemaroo GEC channels held a combined viewership share of over 10% in the overall Hindi GEC genre.

- Evaluation:

- {'evaluation': 'Partially Met expectations', 'evaluation_reason': "While Saregama achieved a leadership position in some languages, the goal of becoming number one in all major Indian languages within 12-18 months is a long-term objective, and Q3 data doesn't definitively show progress towards this goal. More data is needed to assess if this target is met."}

4. Management and Corporate Governance

- **Narrative:** Mention of an expected final order before March 31st. The context of this order is not provided, therefore the impact is unclear. Further information is needed to assess its significance.

- Management's Guidance:

- A final order is expected before March 31st.

- Actual Results:

['Q4', '2023']:

- No specific quantifiable actual results related to this guidance are present in the provided Q4 data.

['Q1', '2024']:

- No actual results related to this guidance are provided in the Q1 FY24 data.

['Q2', '2024']:

- No actual results related to the mentioned order are available from the provided data. Promoter shareholding stood at 65.88% in Q2 FY24.

['Q3', '2023']:

- The shareholders approved the demerger, and the result of the shareholders meeting was filed with NCLT in January.

- Evaluation:

- {'evaluation': 'Met expectations', 'evaluation_reason': "While the specific nature of the \"final order\" remains unclear, the Q3 results indicate that a significant corporate action (demerger approval) was completed before the March 31st deadline, suggesting the fulfillment of the guidance, although not explicitly stated."}