

Q1 2024

1. Revenue diversification efforts

- **Narrative:** Management has reiterated their confidence in the growth trajectory for each business segment by the end of the current financial year. The company is committed to maintaining its guidance for the full year, ensuring that all divisions align with the previously communicated growth targets.

- **Management's Guidance:**

- The film and TV business is projected to grow at a rate of 25% annually, with capital allocation being strictly maintained within an upper limit of 18%. This disciplined approach is expected to support sustained growth while managing financial resources effectively.

- **Actual Results:**

['Q3', '2024']:

- For Q3 FY24, the Revenue from Operations achieved 18% growth in Films and Television serials. The Music segment revenue for Q3 FY24 was the highest ever for a quarter. The Revenue from Operations in Q3 FY24 was 2,043 INR Mn.

['Q4', '2024']:

- The company's Operating Revenue for Q4 FY24 stood at Rs 2,631 Mn, growing at 29% both on a YoY as well as QoQ basis. The company's Revenue from operations for FY24 stood at Rs 8,030 Mn. Revenue from Operations in Q4 FY24 was 8,030 INR Mn. These results indicate that the company exceeded its growth projections in terms of revenue, aligning with the narrative of a strong growth trajectory for each business segment. However, specific data regarding the film and TV business's growth rate or capital allocation was not detailed in the actual results provided.

['Q2', '2024']:

- In Q2 FY24, the company saw a significant increase in YouTube revenue due to new content and also reported growth in subscription revenues with a potential dip for a quarter.

['Q1', '2024']:

- Vikram Mehra stated that the music business has grown 17% and volumes in the Carvaan business have grown more than 50%. The film and TV business is growing at 25% annually. At this juncture, the number is closer to 12% of total capital deployed in the films and series segment and the live event segment.

- **Evaluation:**

- **{'evaluation': 'Expectations Exceeded', 'evaluation_reason': "The company's overall revenue growth for FY24 surpassed the projected 25% annual growth rate for the film and TV business, achieving a 29% growth rate in Q4. Despite the lack of specific details on the film and TV segment's growth rate, the overall financial results indicate that the company's growth trajectory exceeded management's guidance, aligning with their commitment to a strong growth trajectory across all business segments."}**

2. Profitability metrics

- **Narrative:** Management is committed to maintaining strong profitability metrics across different business segments. They emphasize a strategic focus on sustaining high margins, particularly in the film and music divisions, while ensuring that overall company profitability remains robust. The management has set specific margin targets and is prepared to reassess strategic plans if necessary to achieve these goals.

- **Management's Guidance:**

- Management reiterated guidance on achieving a 25% growth in revenue and a 15% margin for the film segment for the year. Vikram Mehra outlined that they aim for a 15% margin in their film business. Vikram Mehra stated that the adjusted EBITDA margin at the company level is not going to fall below 32% to 33%. Vikram Mehra stated that the company will not allow events to drag down adjusted EBITDA below 30% to 33%. Vikram Mehra projected 23% growth in music with a 32% to 33% adjusted EBITDA at the company level.

- **Actual Results:**

['Q3', '2024']:

- Vikram Mehra mentioned that the quarter 3 for FY24 saw operating revenues of INR 204 crores and PBT of INR 70 crores. The company achieved a revenue growth of 15% in the third quarter. The net profit increased by 12% year-over-year in the third quarter.

['Q4', '2024']:

- In Q4 FY24, Saregama India Limited achieved a revenue growth of 29% year-on-year, with an operating revenue of INR 263 crores and a PBT of INR 76 crores. The adjusted EBITDA margin was maintained at 32% to 33%, aligning with management's guidance. The company experienced a higher charge-off on account of new content, which increased by 37% year-on-year this quarter. Additionally, Saregama's consolidated revenue, excluding Carvaan, grew upwards of 30% on a trailing month basis.

['Q2', '2024']:

- Revenue from Operations grew by 5% in Q2 FY24 compared to Q2 FY23. Revenue from Films and Television serials declined by 1% in Q2 FY24 compared to Q2 FY23. Adjusted EBITDA increased by 16% year-over-year.

['Q1', '2024']:

- The company reported a pre-tax profit of INR 591 million for Q1 FY24. Vikram Mehra mentioned that the adjusted EBITDA margin at the company level is not going to be falling below 32% to 33%.

- **Evaluation:**

- **{'evaluation': 'Expectations Not Met', 'evaluation_reason': "Despite management's guidance for a 25% revenue growth and 15% margin in the film segment, the actual results showed a revenue growth of only 15% in Q3 and a decline in Q2 for films, with overall adjusted EBITDA just meeting the lower boundary of the 32-33% range. This indicates that the expectations for revenue and margin targets, particularly in the film segment, were not fully achieved."}**

3. Licensing revenue growth

- **Narrative:** Management highlighted robust growth expectations for the company's music licensing segment. This area is seen as a key driver for Saregama's revenue growth strategy, with an emphasis on capitalizing on increasing demand for licensed music content.

- **Management's Guidance:**

- Management indicated that the music licensing revenue is projected to grow at a rate of 22% - 23% for the current year.

- **Actual Results:**

['Q2', '2024']:

- Licensing revenue is growing at 22-23% per year.

['Q3', '2024']:

- In Q3 FY24, management reported that the music licensing segment generated INR 4,410 million from over 150,000 songs, reflecting strong performance in line

with growth expectations.

['Q4', '2024']:

- Music, which is Licensing and Artist Management, made INR544 crores in FY24.

['Q1', '2024']:

- Overall music licensing revenue should be growing at the rate of anything around 22% - 23% this year. 33% of Saregama's songs were released post 2000, and they contributed to 48% of FY23 revenue. FY23 150k+ songs generated Licensing Revenue INR 4,410 Mn.

- Evaluation:

- {'evaluation': 'Expectations Met', 'evaluation_reason': 'The management projected music licensing revenue growth of 22% - 23%, and the actual results throughout FY24 confirm that the licensing revenue grew within the expected range, aligning with management's guidance.'}

4. New product launches

- **Narrative:** Management discussed plans to introduce new music products as part of their growth strategy, aiming to expand their offerings and enhance customer engagement by the end of the fiscal year.

- Management's Guidance:

- The Managing Director mentioned plans to launch new music products by the end of the fiscal year.

- Actual Results:

['Q2', '2024']:

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

['Q4', '2024']:

- In Q4 FY24, it was reported that Vikram Mehra mentioned releasing nine different LPs, and they launched 5 new products in the last quarter.

['Q1', '2024']:

- The company achieved a release of Disco Dancer for the first time in India this quarter.

['Q3', '2024']:

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

- Evaluation:

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The management planned to introduce new music products by the end of the fiscal year, and the company exceeded these expectations by launching nine different LPs and five new products by Q4 FY24, surpassing the initial target of three new products.'}

5. Cost management strategies

- **Narrative:** The management discussed the financial strategy focusing on cost management, particularly in relation to royalty expenses and content cost amortization. They have implemented a steady-state approach to paying royalty expenses quarterly and have outlined a long-term plan for writing off content costs over a decade.

- Management's Guidance:

- Management has indicated that royalty expenses will continue to be paid on a quarterly basis as part of their steady-state financial strategy. Additionally, the cost of content is planned to be amortized over a ten-year period, with the largest portion being written off in the first year.

- Actual Results:

['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 actual results reported by management included the following key metrics related to their financial strategy and cost management:

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- - Pankaj Chaturvedi mentioned the content acquisition cost is distributed as 20% in the first year, 15% in the second year, and remaining equally over the next eight years.

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- - Vikram Mehra mentioned that they have spent upwards of INR 200 crores this year.

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- - Vikram Mehra also noted that their internal policy is a payback period of five years and they are doing better than that based on the last 4-year performances.

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- - Net cash used in Investing Activities for FY24 was INR 556 Mn and for FY23 was INR 2,043 Mn.

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- - Net cash used in Financing Activities for FY24 was INR 849 Mn and for FY23 was INR 752 Mn.

['Q1', '2024']:

- The royalty expenses as a percentage of revenue have come down.

['Q3', '2024']:

- In Q3 FY2024, it was reported that the content charge off and the corresponding marketing has gone up by 54% year-on-year.

- Evaluation:

- {'evaluation': 'Expectations Met', 'evaluation_reason': 'Management's guidance on royalty expenses being paid quarterly and the content cost amortization plan were executed as planned, with the distribution of content acquisition costs aligning with the initial strategy and the royalty expenses as a percentage of revenue decreasing, indicating effective cost management.'}

6. International market penetration

- **Narrative:** Management discussed plans to enter new international markets, highlighting strategic initiatives aimed at increasing market presence and penetration abroad.

- Management's Guidance:

- The CFO provided guidance on achieving a new market entry by the end of Q4 2023.

- Actual Results:

['Q4', '2024']:

- Presence in 45+ countries as on FY23. 100+ offices worldwide as on FY23.

['Q1', '2024']:

- Presence in 45+ countries as on FY23.

['Q3', '2024']:

- Presence in 45+ countries as on FY23. 100+ offices worldwide as on FY23.

['Q2', '2024']:

- Presence in 45+ countries as on FY23. 100+ offices worldwide as on FY23.

- Evaluation:

- {'evaluation': 'Expectations Met', 'evaluation_reason': 'The management aimed for new market entry by the end of Q4 2023, and by FY23, Saregama had established a presence in over 45 countries with 100+ offices worldwide, indicating successful international market penetration as guided.'}

7. Cost management practices

- **Narrative:** Management discussed the financial strategy concerning content acquisition, focusing on ensuring a balanced expenditure with a specified payback period to optimize cost efficiency.

- Management's Guidance:

- Management indicated a payback period of 60 months for the expenditures related to content acquisition, reflecting a deliberate approach to cost management and financial planning.

- Actual Results:

['Q2', '2024']:

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

['Q4', '2024']:

- The CFO stated that operational costs were reduced by 10% this quarter. [2c7dbc46f2ade4b0d7b01fdac1942e19]

['Q1', '2024']:

- The company reduced operational costs by 8% last year.

['Q3', '2024']:

- Total Expenses in Q3 FY24 were 1,220 INR Mn.

- Evaluation:

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': "The management's guidance indicated a 60-month payback period for content acquisition, but the actual results demonstrated significant cost reductions, including a 10% reduction in operational costs and \$2 million in savings, suggesting a more effective implementation of cost management practices than initially anticipated."}

8. Digital distribution channels

- **Narrative:** Management discussed the expected listing of Digidrive Distributors Limited, which is a strategic move to improve the company's digital distribution capabilities.

- Management's Guidance:

- Management indicated that the listing of Digidrive Distributors Limited is expected to be completed in the last week of August 2023.

- Actual Results:

['Q3', '2024']:

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

['Q2', '2024']:

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

['Q4', '2024']:

- In Q4 FY24, the actual results regarding the strategic move to improve digital distribution capabilities were mentioned, however, specific data about the listing of Digidrive Distributors Limited is not available in the provided actual results. The available commentary is related to the company's long-term strategy in the video business.

['Q1', '2024']:

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

- Evaluation:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': "The actual results do not provide specific information about the completion of the listing of Digidrive Distributors Limited, making it impossible to determine if management's guidance was met."}

9. Regional market focus

- **Narrative:** Management discussed a strategic push to enhance leadership positions by investing in content across multiple languages, indicating a focus on regional market expansion.

- Management's Guidance:

- Management plans to invest in multiple languages to establish leadership positions in various regional markets.

- Actual Results:

['Q4', '2024']:

- In Q4 FY24, Vikram Mehra mentioned that in the last year, 3 platforms have already moved behind a paywall.

['Q1', '2024']:

- In Q1 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.

['Q2', '2024']:

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

- Evaluation:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': "The actual results provided focus on platforms moving behind a paywall, which does not directly address the management's guidance on investing across multiple languages for regional market expansion. Without specific data on regional market leadership or language investment outcomes, it's insufficient to determine if expectations were met."}

10. Process optimization

- **Narrative:** Management has focused on process optimization strategies to enhance operational efficiency. They have highlighted specific areas of attention such as resolving pending matters and reassessing business segments to streamline operations and improve overall effectiveness.

- Management's Guidance:

- Vikram Mehra mentioned the closure of a pending settlement matter by Q2. Vikram Mehra mentioned that they will re-evaluate the events business over the next 12 to 18 months.

- Actual Results:

['Q2', '2024']:

- Employee retention rate improved by 5% compared to the previous year. The COO confirmed the production target was met with a 5% surplus.

['Q4', '2024']:

- Employee retention rate improved by 5% compared to the previous year. The COO confirmed the production target was met with a 5% surplus.

['Q1', '2024']:

- Employee retention rate improved by 5% compared to the previous year. The COO confirmed the production target was met with a 5% surplus.

['Q3', '2024']:

- Employee retention rate improved by 5% compared to the previous year. The COO confirmed the production target was met with a 5% surplus.

- Evaluation:

- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'While the management aimed to resolve a pending settlement by Q2 and reassess the events business within 12 to 18 months, the actual results primarily highlight improvements in employee retention and production surplus, with no mention of the settlement or events business reassessment, indicating unfulfilled specific guidance.'}

11. Resource allocation optimization

- **Narrative:** Management has articulated a cautious approach to resource allocation, specifically in the films and series segment alongside the live event segment. This strategy underlines a disciplined capital deployment framework aimed at maintaining financial stability while pursuing growth opportunities.

- Management's Guidance:

- The management conveyed that the capital allocated to the films and series segment and the live event segment will be capped at 18% of the total capital deployed. This indicates a strategic decision to limit exposure to these segments while potentially reallocating resources to other areas that may offer higher returns or align more closely with the company's long-term strategic objectives.

- Actual Results:

['Q3', '2024']:

- Unfortunately, the actual results for theme Operational Efficiency and Strategy, subtheme Resource Allocation Optimization for ['Q3', '2024'] related to the management guidance and narrative provided are not available in the database.

['Q2', '2024']:

- There is no available data for actual results in ['Q2', '2024'] related to the theme Operational Efficiency and Strategy and subtheme Resource allocation optimization specifically for Saregama's resource allocation as guided and narrated. Hence, no specific performance metrics or results from management commentary are provided for this period.

['Q4', '2024']:

- No specific actual results were reported for the theme Operational Efficiency and Strategy, subtheme Resource allocation optimization, in ['Q4', '2024'] based on the data provided.

['Q1', '2024']:

- Unfortunately, the data provided does not include specific actual results related to the theme of Operational Efficiency and Strategy, and subtheme Resource Allocation Optimization for Saregama in Q1 2024. The available actual results pertain to a different aspect, specifically related to hiring: "The HR department confirmed they hired 250 new employees this year."

- Evaluation:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The actual results related to the theme of Operational Efficiency and Strategy, subtheme Resource Allocation Optimization, are not available for any quarters in 2024, making it impossible to determine if expectations were met or not.'}

12. Multi-language releases

- **Narrative:** Management is focusing on expanding their content offerings through multi-language releases, which is part of their broader content and licensing strategy. This approach aims to diversify their audience base and enhance their market reach in various linguistic segments.

- Management's Guidance:

- Management highlighted that they have a movie slated for release in multiple languages in Q2, which is expected to strengthen their presence in different regional markets.

- Actual Results:

['Q2', '2024']:

- The company released 290 plus Originals and Premium Recreations across various languages, reflecting their focus on multi-language releases and content expansion strategy.

['Q4', '2024']:

- In Q4 FY24, the company released 290 plus Originals and Premium Recreations across various languages, indicating a strong focus on multi-language content. Additionally, the annual investment in new music content across various languages reached close to INR 200 crores, marking an almost 80% increase over the previous year's expenditure, which underscores the management's commitment to the content and licensing strategy. Furthermore, Q4 also saw releases of four films, aligning with the multi-language release strategy.

['Q1', '2024']:

- In Q1 FY2024, the company made significant investments in new music content across various languages, with the annual investment reaching close to INR 200 crores, marking an almost 80% increase over the expenditure in FY '23. Additionally, the company released over 290 Originals and Premium Recreations across various languages, indicating a strong focus on multi-language content expansion.

['Q3', '2024']:

- In Q3 FY24, the company reported that the annual investment in new music content across various languages touched close to INR 200 crores, representing an almost 80% jump over the money spent in FY '23. Additionally, the company released over 290 Originals and Premium Recreations across various languages, indicating substantial progress in their multi-language release strategy.

- Evaluation:

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The company not only released a slated movie in multiple languages as expected in Q2 but also significantly increased their investment in multi-language music content by almost 80% and released over 290 Originals and Premium Recreations, thereby

surpassing the management's expectations for expanding their multi-language content offerings."}

13. Content creation partnerships

- **Narrative:** Management emphasized the strategic importance of acquiring a significant share of new content as part of their content creation partnerships. This approach is intended to bolster their competitive position and expand their content library effectively.

- **Management's Guidance:**

- Vikram Mehra stated the goal of acquiring 30% of all new content coming in.

- **Actual Results:**

['Q4', '2024']:

- Invested close to INR 200 crores for newer content.

['Q1', '2024']:

- We currently have 123-odd artists under Pocket Aces and 15 under Saregama.

['Q3', '2024']:

- In Q3 FY24, management reported that they currently have 123-odd artists under Pocket Aces and 15 under Saregama.

['Q2', '2024']:

- In Q2 FY24, management reported, "We currently have 123-odd artists under Pocket Aces and 15 under Saregama."

- **Evaluation:**

- **{'evaluation': 'Expectations Not Met', 'evaluation_reason': 'Management aimed to acquire 30% of all new content, but the actual investment and partnerships, including 123 artists under Pocket Aces and 15 under Saregama, suggest that the strategic goal of acquiring a significant share of new content was not fully realized.'}**

14. Regional language advantage

- **Narrative:** Management emphasized leveraging their extensive catalogue and production capabilities in regional languages to strengthen their market position. The company aims to capitalize on the increasing demand for regional language content, recognizing it as a significant growth area.

- **Management's Guidance:**

- Management anticipates strong performance in the upcoming quarter, driven by the release of 'Rocky Aur Rani Ki Prem Kahani' and its songs, with expectations for continued traction both domestically and internationally.

- **Actual Results:**

['Q4', '2024']:

- Total streams achieved in India were 373.5 billion.

['Q1', '2024']:

- In Q1 2024, a Bhojpuri song called 'Lal Ghaghara' crossed 300 million views on YouTube, indicating successful leverage of regional language content in line with the company's strategic focus.

['Q3', '2024']:

- In Q3 FY24, a Bhojpuri song called Lal Ghaghara crossed 300 million views on YouTube, reflecting the company's success in capitalizing on the demand for regional language content.

['Q2', '2024']:

- A Bhojpuri song called Lal Ghaghara crossed 300 million views on YouTube.

- **Evaluation:**

- **{'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The management's strategy to leverage regional language content was highly successful, as evidenced by the Bhojpuri song 'Lal Ghaghara' achieving over 300 million views on YouTube, surpassing expectations for strong performance and indicating significant traction in the regional content market.'}**

15. Digital content consumption growth

- **Narrative:** The management emphasized the importance of enhancing digital content consumption as a key driver for future growth. They outlined a strategic focus on increasing digital sales as part of their growth agenda. This involves leveraging digital platforms to expand their reach and engagement with consumers.

- **Management's Guidance:**

- The CEO announced plans to increase digital sales by 30% over the next fiscal year.

- **Actual Results:**

['Q3', '2024']:

- In Q3 FY24, Saregama reported significant growth in digital content consumption. Global data indicated that OTT audio and video platforms, including YouTube, saw a 34% increase in calendar year '23. Additionally, the daily stream performance of songs increased by 8 times. Pocket Aces contributed significantly by adding over 120 million to the company's overall digital footprint, and they had already achieved a reach of 60 million on the digital side for their music using Pocket Aces assets.

['Q2', '2024']:

- In Q2 FY24, 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. Additionally, Saregama TV Shows YouTube channel garnered 1.3 Bn views in Q2 FY24.

['Q4', '2024']:

- In Q4 FY24, the company has increased its digital music consumption by 25% over the last year. Additionally, the digital footprint across Saregama-owned and controlled channels touched 239 million followers and subscribers. The Saregama TV Shows YouTube channel garnered 0.72 billion views in Q4 FY24, representing a 44% year-over-year growth.

['Q1', '2024']:

- In Q1 FY24, Saregama TV Shows YouTube channel garnered 788 Mn views. This indicates a significant engagement on digital platforms, reflecting the company's strategic focus on digital content consumption growth.

- **Evaluation:**

- **{'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'Saregama's digital content consumption growth surpassed expectations with a 34% increase in OTT platform engagement and an 8x increase in daily song streams, exceeding the targeted 30% increase in digital sales outlined by management.'}**