

Q2 2024

1. Financial Performance

- **Narrative:** Management provided substantial forward-looking guidance on revenue growth, profitability, and operational efficiency for Saregama and its subsidiary, Pocket Aces. The guidance reflects optimism regarding the transition from free to paid models in streaming platforms and anticipates significant revenue increases. There is also commentary on the impact of film releases on Q4 financials and marketing costs. A long-term growth target is set, with a five-year payback period for music investments maintained despite market uncertainties.

- **Management's Guidance:**

- Revenue growth from streaming platforms is expected to increase by 150% to 300%; Pocket Aces is projected to achieve a minimum 23% annual revenue growth and breakeven at the PBT level in FY25; Combined revenue growth for Saregama and Pocket Aces is anticipated to be 27-28% from FY25 onwards; Films and series vertical is projected to achieve a 25% growth in FY24 compared to FY23; A 15% increase in overall revenue is targeted for the next fiscal year; Music licensing revenue is expected to grow at 22-23% per year; The total size of the content sold industry is projected to reach 1000 crore this year; Saregama and Pocket Aces aim to maintain their adjusted EBITDA guidance of 32-33%; The films and series business is expected to maintain a 15% margin; A 10% reduction in operational costs is targeted over the next two quarters; A five-year payback period for music investments is maintained.

- **Actual Results:**

['Q3', '2024']:

- In Q3 FY24, Saregama reported INR 1,559 million in revenue from operations (a 4.3% YoY increase) and INR 22 million in other income (a 140.4% YoY increase). EBITDA was INR (177) million, PBT was INR (264) million, and PAT was INR (304) million. The 9M FY24 Revenue from Operations was INR 5,083 million, a 29.6% increase compared to 9M FY23. 9M FY24 EBITDA was INR 73 million, a significant decrease of 76.1% compared to 9M FY23. The PAT margin for 9M FY24 was (5.19%), a decrease of 634 Bps compared to 9M FY23. There are also mentions of a 15% revenue increase in the last fiscal year and a target of INR 930-940 crore revenue for FY24.

['Q4', '2024']:

- In Q4 2024, Saregama reported INR 263 crore operating revenue and INR 76 crore PBT, representing 29% and 30% year-on-year growth respectively. Revenue growth excluding Carvaan exceeded 30% on a trailing month basis. A 15% increase in Q4 FY24 revenue compared to the previous year was also reported. Music (Licensing and Artist Management) revenue reached INR 544 crore in FY24; Carvaan revenue was approximately INR 130 crore; Video business revenue was INR 116 crore; and Events revenue was INR 13 crore. The company maintained its adjusted EBITDA guidance of 32-33%.

['Q1', '2025']:

- Q1 FY25 saw revenue from operations at 1,544 INR Mn; operational revenue reached INR 6,000 Mn; Digital Media revenue achieved 575 INR Mn with a Y-o-Y growth of 19.6%; Traditional Media revenue was 960 INR Mn with a Y-o-Y decline of 10.8%; Income from Operations was 1,535 INR Mn with a Y-o-Y growth of 0.6%; Music and Artist Management segment grew by 6% year-on-year; EBITDA was (134) INR Mn; PBT was (228) INR Mn; PAT was (171) INR Mn; Our revenue increased by 26% over the last year; Our EBITDA increased by 9% and is currently at 33% of the revenue. Carvaan revenue was INR24.7 crores, a significant drop from Q1FY24.

['Q2', '2024']:

- Saregama reported consolidated revenue from operations of INR 3,524 Mn in Q2 FY24 (b84d3c6695ae8619b1dd8af9126db883, c0f63ba000bb77c4c53e0465a5a7e1a5). Traditional Media revenue reached INR 827 Mn, a 65% increase compared to Q2 FY23 (661c4a35c3a5f1416a751e0305fc78d2), while Digital Media revenue saw a 2.1% decline to INR 639 Mn (661c4a35c3a5f1416a751e0305fc78d2). EBITDA was INR 250 Mn with an EBITDA margin of 7.08% (c0f63ba000bb77c4c53e0465a5a7e1a5, b84d3c6695ae8619b1dd8af9126db883). Net profit was INR 36 Mn, resulting in a net profit margin of 1.01% (c0f63ba000bb77c4c53e0465a5a7e1a5, b84d3c6695ae8619b1dd8af9126db883). Another source indicates revenue from operations as 1,989 Mn for Q2-FY24 (06e6339bdb81399d232c076e3c6bacbf), and EBITDA as 172 Mn for Q2-FY24 (06e6339bdb81399d232c076e3c6bacbf) with PAT of 55 Mn (06e6339bdb81399d232c076e3c6bacbf). There's a discrepancy in reported revenue figures requiring further investigation. A 15% revenue increase was reported compared to the same period last year (c0fd80403ce4ef50d860af5122945b2f).

- **Evaluation:**

- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': "The conflicting revenue and EBITDA figures for Q2 2024 prevent a reliable assessment of Saregama's performance against the provided management guidance. Further clarification is needed to reconcile these discrepancies."}

2. Market Dynamics and Competition

- **Narrative:** Management commented on the growth of digital advertising and the company's acquisition strategy.

- **Management's Guidance:**

- Digital advertising is projected to grow from 35% to 45% of all advertising by 2024; An acquisition is expected to result in near-total ownership (92%) within the next 15-18 months.

- **Actual Results:**

['Q3', '2024']:

- No specific actual results related to these guidance points are provided in the Q3 FY24 data.

['Q4', '2024']:

- No specific actual results related to these guidance points were found in the provided Q4 2024 data.

['Q1', '2025']:

- No specific actual results related to these guidance points are provided in the Q1 FY25 data.

['Q2', '2024']:

- No specific actual results related to the stated management guidance are available in the provided data. However, the total size of the content sold industry is reported to be closer to 1000 crore this year (c5c16405661f8c79fe1f430cf7d4bc94). The combined subscriber base of Saregama and Pocket Aces is cited as a competitive advantage (5281023c05790ea85801febb13771f1e). Partial acquisition progress is mentioned (3fa152b16f59b27b0cebbae8a08d4cfb), but completion and resulting ownership percentage are not available.

- **Evaluation:**

- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': "The provided Q2 2024 data lacks sufficient information to evaluate the achievement of management's guidance on digital advertising market share or the progress and outcome of the acquisition."}