

Q3 2022

1. Revenue Growth and Projections

- **Narrative:** Saregama projects revenue growth of 25% to 30% year-over-year, incorporating organic and inorganic growth. The company aims to achieve this growth despite the music streaming industry's slower growth rate of 11%. This growth projection extends to the next three to five years for the music business (25%-30% y-o-y) and the films and series business (20%-25% y-o-y). A board member also noted a path of 20% year-on-year growth for over 12 quarters.

- **Management's Guidance:**

- Saregama projects 25%-30% y-o-y revenue growth for the next 3-5 years, driven by organic and inorganic growth. They aim for at least break-even, potentially minor profit, on Carvaan.

- **Actual Results:**

['Q1', '2023']:

- In Q1 2023, Saregama reported a significant revenue increase. Digital Media revenue increased by 19.3% year-on-year to 481 INR Mn, while Traditional Media revenue saw a 39.0% year-on-year increase to 479 INR Mn. Overall Income from Operations grew by 28.4% year-on-year to 960 INR Mn. The company's digital business contribution increased to 50% in Q1-FY23 from less than 10% in FY14. Total operating revenue for Q1 FY23 was 960 INR Mn, up from 748 INR Mn in Q1 FY22 and 936 INR Mn in Q4 FY22. The music business grew by 38% year-on-year.

['Q2', '2023']:

- In Q2 FY23, Saregama reported a 22.6% increase in revenue from operations (840d9c1700ea251cdf436101f65b630). The music business achieved its highest ever quarterly revenue at Rs.150.9 Crores (56bd81f1d4b64b50429e3b3a35a882fc), and music licensing grew by over 20% (72c15ef94dc267fe241709048d1b3ae5). Overall operating revenue reached Rs.189 Crores (dfb57aae1ce929be68e3239dd2d42cb5), representing a 30% year-on-year increase. Digital Media revenue was INR 639 Mn, with a Y-o-Y growth of 35.8% (b4306c3072ca48b9f18c3958781f78bc), and H1-FY23 Digital Media Performance was INR 1,120 million (4c98bb049b7489446f07c43a1f9ce2f2). One board member noted a 15% revenue growth exceeding expectations (d1a7ceae6241b1a78b628afcc2ff198). Another noted a 20% increase in revenue for the last quarter (58b0efa5b6a4fcc59955e7515e8c1904). Another mentioned 15% increase in sales last quarter (77355ff77a0519a269363c4a082b0f55).

['Q4', '2022']:

- In Q4 2022, Saregama reported a 22.6% year-over-year revenue growth from operations (3,814 INR Mn vs 3,111 INR Mn). Other income also increased by 82.5%. Several sources indicate a 15% increase in revenue compared to the previous quarter, exceeding targets. The digital business contributed 48% of total revenue in FY22, a significant increase from less than 10% in FY14. Music licensing revenue showed the highest year-on-year growth ever at 26%, exceeding 360 Crores. The films, television and series vertical crossed 100 Crores in annual revenue. Carvaan sales were 112k units in Q4, following 141k units in Q3, contributing to a 17% annual growth (4 lakh units).

['Q3', '2022']:

- In Q3 2022, Saregama's revenue from operations grew by 12%, while PBT grew by 40%. Nine-month revenue from operations reached ■400 crores, representing a 26% year-over-year increase. On a rolling 12-month basis, the company committed to 25%-30% growth.

- **Evaluation:**

- {'evaluation': 'Did not meet expectations', 'evaluation_reason': 'While nine-month revenue showed a 26% increase, the Q3 2022 growth of 12% fell significantly short of the projected 25%-30% year-over-year growth.'}

2. Profitability and Margins

- **Narrative:** Saregama expects its operating income before content cost, interest, and depreciation (OIBCID) to remain within 32% to 33% of revenue from operations. The company aims for at least break-even, and possibly a minor profit, on its Carvaan product.

- **Management's Guidance:**

- Saregama anticipates OIBCID to be 32%-33% of revenue from operations and aims for at least break-even on Carvaan.

- **Actual Results:**

['Q1', '2023']:

- In Q1 2023, Saregama's EBITDA was 81 INR Mn, compared to 71 INR Mn in Q1 FY22 and 87 INR Mn in Q4 FY22, representing an EBITDA margin of 8.48%. The PAT was 41 Crores, a 52% increase year-on-year and the OIBCID was 64.7 Crores, a 54% growth compared to last year.

['Q2', '2023']:

- In Q2 FY23, the operating income before content charge, interest and depreciation was Rs.69.9 Crores, a 31% increase year-on-year (56bd81f1d4b64b50429e3b3a35a882fc). EBITDA was INR 128 Mn with an 8.75% margin (1f777d2e271c6a0fa80b6d775df4b5a1). Combined EBITDA margin for Traditional and Digital Media was 27.8% (9180db3c043a0d69b248f4c44b6e778b). The Carvaan business was described as break-even to low margin (7b69317ddcaacff820688627990b7b83). Another source indicated that employee expenses as a percentage of revenue decreased to 11% from over 13% in the same quarter last year (088ae317f9ff263409258e274f1d92ae)

['Q4', '2022']:

- In Q4 2022, Saregama's EBITDA was 358 INR Mn, representing a 9.40% margin. While specific Carvaan profitability wasn't explicitly stated, overall, operating income before content charge, interest and depreciation (OIBCID) reached 38%, exceeding their guidance of 32%-33%.

['Q3', '2022']:

- In Q3 2022, Saregama's OIBCID was 42% of revenue. EBITDA was INR 98 Mn, with an EBITDA margin of 10.88%.

- **Evaluation:**

- {'evaluation': 'Exceeded expectations', 'evaluation_reason': 'The actual OIBCID of 42% significantly surpassed the guided range of 32%-33% of revenue from operations.'}

3. Content Acquisition and Return on Investment

- **Narrative:** Saregama maintains a five-year payback period for all content acquired during its financial year. This is linked to its OIBCID guidance of 32% to 33%.

- **Management's Guidance:**

- Saregama targets a five-year payback period for content acquisitions, aligning with its OIBCID guidance.

- **Actual Results:**

['Q1', '2023']:

- No specific data on content acquisition payback periods is available in the provided Q1 2023 data.

['Q2', '2023']:

- No specific data on actual payback periods for content acquisitions was found in the provided Q2 FY23 results. However, management commentary did touch

upon content acquisition costs normalizing compared to the previous year (c3ee2a15cb2d625a9c889373ca987ab1). The total content charge in Q2 was Rs.17 Crores (664a03f4237227b862eefa78df9bb1f4).

['Q4', '2022']:

- No specific data on the actual payback period for content acquisitions in Q4 2022 was available in the provided data. The high OIBCID margin suggests efficient content management and likely a favorable return on investment.

['Q3', '2022']:

- No specific actual results regarding content acquisition payback period were found in the provided data for Q3 2022.

- Evaluation:

- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': "The provided data for Q3 2022 lacks information on the actual payback period for content acquisitions, preventing an evaluation against the management's guidance."}