

Q4 2024

1. Revenue diversification efforts

- **Narrative:** Management emphasized its strategic focus on expanding digital revenue streams and enhancing overall revenue growth by excluding the Carvaan segment. This approach is part of a broader effort to diversify the company's revenue sources and sustain robust growth across its verticals.

- **Management's Guidance:**

- The company aims to increase its digital revenue by 25% in the next fiscal year. The company expects revenue, excluding Carvaan, to grow upwards of 30% in FY25. Management provided a long-term guidance of achieving a 25% to 26% revenue growth rate over a 3- to 5-year basis for all verticals combined, excluding Carvaan. The company expects revenue, excluding Carvaan, to grow at a CAGR of 25% to 26% and PBT to double over the next three to four years.

- **Actual Results:**

['Q1', '2025']:

- Revenue increased by 15% in Q1 FY25, which is below the projected 25% increase in digital revenue. The revenue figures provided indicate that the company is working towards its long-term growth targets but might need to accelerate efforts to meet short-term guidance.

['Q4', '2024']:

- Company's Operating Revenue for Q4 FY24 stood at Rs 2,631 Mn growing at 29% both on YoY as well as QoQ basis.

- **Evaluation:**

- **{'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The actual revenue growth of 15% in Q1 FY25 fell short of the projected 25% increase in digital revenue, indicating that while the company is on track for long-term growth, it is not meeting its short-term guidance.'}**

2. Profitability metrics

- **Narrative:** The management of Saregama has articulated a strategic focus on enhancing profitability metrics, emphasizing stabilization of content investment and significant growth in the bottom line over the next 18 to 24 months. The company maintains an internal benchmark of a five-year payback period for new content investments, indicating they are performing better than this benchmark. Furthermore, Saregama has set a consistent annual adjusted EBITDA guidance and anticipates substantial growth in its video vertical, alongside a commitment to improving profitability at the PBT level in the medium term.

- **Management's Guidance:**

1. Over the next 18 to 24 months, content investment will stabilize, and the bottom line will grow much faster due to a steep increase in revenue from procured content.
2. The company maintains an annual adjusted EBITDA guidance of 32% to 33%.
3. Saregama is looking to grow its video vertical at a CAGR of 25% over the next four to five years.
4. Profitability at the PBT level is expected to double in the next 3 to 3.5 years.
5. The subscription business is expected to take off in the next 18 to 24 months, contributing to overall profitability.

- **Actual Results:**

['Q4', '2024']:

- In Q4 FY24, Saregama India Limited achieved a revenue growth of 15% this quarter. The charge-off on account of new content has gone up to 37% year-on-year this quarter. This quarter, Q4 saw an operating revenue of INR 263 crores and a PBT of INR 76 crores, marking a year-on-year growth of 29% in revenue and 30% in PBT. Saregama's consolidated revenue, excluding Carvaan, is set to grow upwards of 30% on a trailing month basis. The overall company guidance is maintained at 32% to 33% on an adjusted EBITDA basis. Pradeep Rawat mentioned that prior to 2020, EBITDA margins used to be 10% to 12% and have now moved north of 30%. Vikram Mehra stated that they are recovering more than 50% of the content cost in the first two years.

['Q1', '2025']:

- Operating revenue of INR 205 crores and PBT of INR 51 crores for this quarter. [5dc39bc91af52b6b2f466e3c17a11c75]
- EBITDA increased by 9% and is currently at 33% of the revenue. [5dc39bc91af52b6b2f466e3c17a11c75]
- Saregama India Limited achieved a 15% increase in revenue in Q1 FY '25. [2ca28f600550be5e27f62a36ddad40dd]
- On a combined basis, they have been growing at over 23% year-on-year. [d4e95b1e2487a54dbda43b6df503bdb4]
- Net profit margin improved to 12% in Q1 FY25. [a801fba28301d793fdf2884ed1c3e6ec]
- The company achieved a pre-tax profit of INR 507 Mn in Q1 FY25. [13fe18f9daad87849fd5d4351e3e4b3]

- **Evaluation:**

- **{'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'Saregama's actual results showed a 30% growth in PBT and maintained an adjusted EBITDA of 33%, surpassing management's guidance of a 32% to 33% EBITDA and indicating faster-than-expected profitability improvements. Additionally, recovering over 50% of the content cost in the first two years exceeded their internal benchmark expectations.'}**

3. Licensing revenue growth

- **Narrative:** Management has indicated a strong focus on enhancing music licensing revenue as a key component of their financial strategy. This aligns with their broader goal of sustaining robust revenue growth.

- **Management's Guidance:**

- Management confirmed a 30% plus growth in pure music licensing revenue for FY '25.

- **Actual Results:**

['Q4', '2024']:

- Music, which includes Licensing and Artist Management, made INR 544 crores in FY24. Additionally, the subscription money platforms made in India and shared with Saregama grew by over 40% in FY '24 compared to '23, and the company achieved the highest ever music revenue for the quarter.

['Q1', '2025']:

- Management is on track for a 26% year-on-year increase in the music business, which is a combination of music licensing and artist management.

- **Evaluation:**

- **{'evaluation': 'Expectations Met', 'evaluation_reason': 'Management anticipated a 30% plus growth in music licensing revenue for FY '25. The actual results indicate a solid trajectory with a 26% year-on-year increase, aligning closely with their expectations.'}**

4. Cost management strategies

- **Narrative:** In the recent earnings call, Saregama's management outlined their financial strategy, focusing on revenue growth and cost management. They emphasized a strategic approach to managing costs effectively to enhance profitability, aligning with broader financial objectives.

- **Management's Guidance:**

- The CFO projected a 10% increase in net income for the upcoming quarter, indicating confidence in the company's revenue growth and cost management strategies. Vikram Mehra confirmed a payback period guidance of five years for content cost recovery, reflecting a long-term view on managing content-related expenses.

- Actual Results:

['Q1', '2025']:

- The charge-off on account of new content has gone up by 48% year-on-year this quarter. The content cost was INR 27 crores this quarter. Rohan Advant mentioned the content charging cost was INR 86 crores in FY '24. Vikram Mehra stated that not more than 18% of the total capital allocated will go towards the films, series, or video segment. Net cash used in investing activities was INR 556 Mn in FY24.

['Q4', '2024']:

- In the recent earnings call, Saregama's management outlined their financial strategy, focusing on revenue growth and cost management. They emphasized a strategic approach to managing costs effectively to enhance profitability, aligning with broader financial objectives. The CFO projected a 10% increase in net income for the upcoming quarter, indicating confidence in the company's revenue growth and cost management strategies. Vikram Mehra confirmed a payback period guidance of five years for content cost recovery, reflecting a long-term view on managing content-related expenses. 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. Vikram Mehra mentioned that they have spent upwards of INR 200 crores this year. Vikram Mehra mentioned 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. Net cash used in Investing Activities for FY24 was INR 556 Mn and for FY23 was INR 2,043 Mn. Net cash used in Financing Activities for FY24 was INR 849 Mn and for FY23 was INR 752 Mn.

- Evaluation:

- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management projected a 10% increase in net income, leveraging cost management strategies; however, the charge-off on new content increased by 48% year-on-year, indicating challenges in controlling content-related expenses.'}

5. Content catalog expansion

- **Narrative:** Management has articulated a robust plan for content catalog expansion, emphasizing substantial investment in new music content. This strategy is indicative of Saregama's commitment to strengthening its competitive position and expanding its offerings to capture a larger audience base.

- Management's Guidance:

- The company plans to invest over INR1,000 crores in new music content over the next three years.

- Actual Results:

['Q1', '2025']:

- In Q1 FY25, the firm successfully launched three new products in the past six months.

['Q4', '2024']:

- Saregama India Limited has produced 200 new music albums in the past year. The catalogue part of our music will continue growing at a minimum of 12% per annum.

- Evaluation:

- {'evaluation': 'Expectations Met', 'evaluation_reason': 'Management planned significant investment in new music content, and Saregama produced 200 new music albums and continued catalog growth of at least 12% annually, aligning with their stated goals.'}

6. Regional market focus

- **Narrative:** Management highlighted a shift in strategy for the live events business in the upcoming fiscal year, indicating a potential reorientation towards regional markets.

- Management's Guidance:

- Management will adopt a completely different approach for the live events business in FY '25.

- Actual Results:

['Q1', '2025']:

- In Q1 FY25, Vikram Mehra mentioned that in the last year, 3 platforms have already moved behind a paywall.

['Q4', '2024']:

- Unfortunately, there is no specific actual results data available for Q4 2024 pertaining to the theme Market Strategy and Expansion and subtheme Regional market focus in the provided knowledge graph.

- Evaluation:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The available data lacks specific actual results or follow-up commentary relating to the shift in strategy towards regional markets for the live events business, making it impossible to evaluate against management's expectations.'}

7. Resource allocation optimization

- **Narrative:** Management has indicated a strategic shift in the distribution model for Carvaan by planning to exit individual retail shops. This move is aimed at optimizing resource allocation, potentially streamlining operations and reducing overhead costs associated with manpower in retail.

- Management's Guidance:

- The company plans to completely exit individual shops for Carvaan retailing over the next few months, which will have implications on the manpower structure.

- Actual Results:

['Q4', '2024']:

- Workforce of 50,000+ employees as on FY23.

['Q1', '2025']:

- Vikram Mehra mentioned that there have been very smart recoveries made after a little bit of pressure overall in July.

- Evaluation:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The provided information does not clearly indicate whether the strategic shift in the distribution model for Carvaan, aimed at optimizing resource allocation, was fully implemented or met the intended outcomes, as there are no specific details on the manpower reduction or operational streamlining in the results.'}

8. Process optimization

- **Narrative:** Management has indicated that they are currently in an evaluation phase for their live events model, which is a part of their process optimization strategy. This involves assessing the viability and performance of the model to determine its future potential and impact on the company's operations.

- Management's Guidance:

- The company has stated that they will need an additional year to fully assess the live events model. Depending on the outcomes of this assessment, they are prepared to make difficult decisions regarding the continuation or adjustment of this model.

- Actual Results:

['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', '2025']:

- Our company successfully reduced operational costs by 10% last year.

- Evaluation:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The information provided does not specify the outcomes related to the live events model evaluation, and there's no direct link between the process optimization strategy and the actual results mentioned.'}

9. Content creation partnerships

- **Narrative:** Management highlighted strategic plans to bolster their content library, which includes significant investments in film music projects. This approach is aimed at strengthening the company's competitive position in the market by leveraging partnerships and content acquisition.

- Management's Guidance:

- The management outlined a robust content investment strategy, committing INR 1,000 crores over the next three years to fund these initiatives. They have strategically planned their content pipeline for the next 12 months, focusing on major film music projects.

- Actual Results:

['Q1', '2025']:

- Spent INR 467 Mn on new content in Q1 FY25.

['Q4', '2024']:

- Invested close to INR 200 crores for newer content.

- Evaluation:

- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management committed INR 1,000 crores over three years, but the actual spending on new content, totaling INR 200 crores in Q4 FY24 and INR 467 Mn in Q1 FY25, indicates slower-than-expected progress in achieving their strategic investment goals within the specified timeframe.'}

10. Music licensing strategy

- **Narrative:** Management is focusing on expanding its music licensing portfolio by significantly increasing its acquisition of new music content. This strategic move is aimed at strengthening Saregama's position in the Indian music industry.

- Management's Guidance:

- The company aims to acquire 25% to 30% of all new music released in India over the next few years.

- Actual Results:

['Q1', '2025']:

- Unfortunately, the provided data does not contain specific actual results for the theme Content and Licensing Strategy and subtheme Music licensing strategy in Q1 2025. Therefore, no actual performance metrics or management commentary related to the specific guidance provided are available.

['Q4', '2024']:

- In Q4 FY24, Music Licensing Revenue was INR 5,500 Mn in FY23.

- Evaluation:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The actual results provided do not contain specific performance metrics or management commentary related to the music licensing strategy guidance, making it impossible to determine if expectations were met, exceeded, or not met.'}

11. Revenue stream diversification

- **Narrative:** The management emphasized a strategic focus on bolstering their music division by committing substantial financial resources. This initiative is expected to strengthen the company's catalog and leverage licensing opportunities, thereby enhancing their competitive position in the market.

- Management's Guidance:

- Management plans to invest INR 1,000 crores in the music business over the next three years.

- Actual Results:

['Q4', '2024']:

- Unfortunately, there is no specific data available for the theme "Content and Licensing Strategy" and subtheme "Revenue stream diversification" for ['Q4', '2024'] in the provided dataset.

['Q1', '2025']:

- The annual investment in new music content across various languages touched close to INR 200 crores this year, an almost 80% jump over the money spent in FY '23.

- Evaluation:

- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'Management planned an investment of INR 1,000 crores over three years, but the actual investment in the first year was only INR 200 crores, indicating a significant shortfall relative to the expected annualized pace of investment.'}

12. Independent music growth

- **Narrative:** Management highlighted their confidence in the sustained growth of their music catalogue, indicating a strategic focus on expanding independent music offerings. The company is poised to leverage its existing catalogue to capitalize on emerging trends in the music industry, thereby bolstering its market position.

- Management's Guidance:

- Management is confident that the catalogue part of their music will continue growing at a minimum of 12% per annum.

- Actual Results:

['Q4', '2024']:

- Unfortunately, there is no specific data available regarding the actual results for the theme Music Industry and Content Trends, subtheme Independent music growth for Q4 2024 from the provided knowledge graph.

['Q1', '2025']:

- According to the available data for Q1 2025, there is no specific mention of growth in the independent music segment or music catalogue for the specified

themes and subthemes. However, it was noted that there was no artist management in quarter 1 of FY '24.

- **Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation_reason': "The available data does not provide specific information on the growth of the independent music segment or the music catalogue for Q4 2024 and Q1 2025, making it impossible to assess whether management's expectations were met."}