

Q4 2023

1. Revenue diversification efforts

- **Narrative:** Management emphasized the potential for growth within a specific business vertical, highlighting its strategic importance in diversifying revenue streams. The focus is on capitalizing on emerging opportunities to bolster financial performance and market presence.

- **Management's Guidance:**

- The management is confident that the business vertical will grow at over 25% year-on-year and write a profit.

- **Actual Results:**

['Q3', '2024']:

- In Q3 FY24, the Revenue from Operations achieved 8% growth in Music, 18% growth in Films and Television series, and 74% growth in Events. Music segment revenue for Q3 FY24 was the highest ever for a quarter. Revenue from Operations in Q3 FY24 was 2,043 INR Mn. Despite the high expectations of over 25% growth for the specific business vertical, the actual growth figures for different segments show varying performances.

['Q2', '2024']:

- In Q2 FY24, the company reported a significant increase in YouTube revenue due to new content, indicating successful diversification efforts. Additionally, there was growth in subscription revenues, though with a noted potential dip for the quarter. Specific revenue figures from operations were provided in INR Mn, which further supports the growth narrative and diversification strategy.

['Q1', '2024']:

- In Q1 FY24, Vikram Mehra stated that the film and TV business is growing at 25% annually. Additionally, there was a pretty healthy growth of 17% in the music business in Q1.

['Q4', '2023']:

- In Q4 FY23, Saregama India Limited achieved a 20% increase in revenue for the fourth quarter of FY'23, which is below the management's guidance of 25% year-on-year growth. The Revenue from Operations reached INR 2,074 Mn in Q4 FY23. However, it's important to note that the Film, Series, and Events vertical touched the highest ever revenue this year, crossing Rs. 150 crores in FY '23. This indicates some success in diversifying revenue streams and capitalizing on emerging opportunities, although the specific growth rate of the vertical in question was not directly mentioned.

- **Evaluation:**

- **{'evaluation': 'Expectations Not Met', 'evaluation_reason': 'Management anticipated over 25% year-on-year growth for the specific business vertical, but the actual growth figures across segments varied, with none achieving the expected growth rate, indicating that the expectations were not met.'}**

2. Profitability metrics

- **Narrative:** The management of Saregama has outlined a focus on maintaining and enhancing profitability metrics across its business segments. In particular, the company aims to achieve steady profit margins within its film and event verticals, while ensuring a disciplined approach to capital allocation.

- **Management's Guidance:**

- Management confirmed the guidance to maintain the EBITDA before content charge at 32%. The adjusted EBITDA percentage is expected to be in the range of 32% to 33% on an annual basis. The film business will remain a 15% to 20% margin business, with no more than 18% of total capital allocated to it at any particular time. Management expects the events vertical to start writing positive margins in the next 12 to 18 months.

- **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.

['Q2', '2024']:

- The management of Saregama has outlined a focus on maintaining and enhancing profitability metrics across its business segments. In particular, the company aims to achieve steady profit margins within its film and event verticals, while ensuring a disciplined approach to capital allocation. Management confirmed the guidance to maintain the EBITDA before content charge at 32%. The adjusted EBITDA percentage is expected to be in the range of 32% to 33% on an annual basis. The film business will remain a 15% to 20% margin business, with no more than 18% of total capital allocated to it at any particular time. Management expects the events vertical to start writing positive margins in the next 12 to 18 months. Revenue from Operations grew by 5% in Q2 FY24 compared to Q2 FY23. Revenue from Films and Television series declined by 1% in Q2 FY24 compared to Q2 FY23. Revenue from Events decreased by 98% in Q2 FY24 compared to Q2 FY23. Adjusted EBITDA increased by 16% Y-o-Y.

['Q4', '2023']:

- Saregama India Limited's profit margin was 15% for the fiscal year FY'23. Revenue for FY23 was Rs. 751 crore and PAT was Rs. 189 crore. Year-on-year revenue growth was 29% and PAT growth was 24%. Adjusted EBITDA was INR 2,699 million in FY23. Vikram Mehra stated that the film business is a ~15% margin after charging off full costs. The board achieved a 15% increase in revenue last quarter.

['Q1', '2024']:

- In Q1 FY24, Vikram Mehra mentioned that the adjusted EBITDA margin at the company level is not going to be falling below 32% to 33%, aligning with the management's guidance. Additionally, the company reported a pre-tax profit of INR 591 million for Q1 FY24.

- **Evaluation:**

- **{'evaluation': 'Expectations Met', 'evaluation_reason': 'The actual results show that Saregama maintained its guidance of an adjusted EBITDA margin in the range of 32% to 33%, aligning with management's expectations. The film business achieved the expected 15% margin, and while the events vertical has not yet started writing positive margins, management's timeline for this was 12 to 18 months, indicating that expectations for profitability metrics were met.'}**

3. Licensing revenue growth

- **Narrative:** Management discussed a strong outlook for music licensing revenue, indicating a strategic emphasis on sustaining robust growth in this segment. The focus is on leveraging existing assets and exploring new opportunities to capitalize on the increasing demand for licensed music content. This strategy aligns with their broader financial objectives to enhance revenue streams and overall profitability.

- **Management's Guidance:**

- Management expects music licensing revenue to grow between 22% to 25% for FY'24, with a continued commitment to this growth trajectory. Adjusted EBITDA for the company is anticipated to be between 32% to 33%.

- **Actual Results:**

['Q3', '2024']:

- In Q3 FY24, management reported that 150k+ songs generated Licensing Revenue of INR 4,410 Mn.

['Q2', '2024']:

- Licensing revenue is growing at 22-23% per year, confirming the strategic focus and management guidance on maintaining robust growth in this segment. In the near-term, things will keep on fluctuating, but management intends to hold on to their numbers of a 22-23% growth on the music licensing side.

['Q4', '2023']:

- Vikram Mehra mentioned a 23% increase in music licensing revenue.

['Q1', '2024']:

- Overall music licensing revenue should be growing at the rate of anything around 22% - 23% this year.

- Evaluation:

- {'evaluation': 'Expectations Met', 'evaluation_reason': 'Management's guidance anticipated a 22% to 25% growth in music licensing revenue for FY'24, and the actual results indicate that the revenue growth consistently aligned with the lower end of this range at 22% to 23%, thereby meeting expectations.'}

4. Cost management strategies

- **Narrative:** The management has outlined a disciplined approach to managing costs in alignment with their overall financial strategy. This includes making necessary financial revisions post the demerger scheme and maintaining a controlled capital allocation towards the Film, Series, and Events business to ensure efficient usage of resources.

- Management's Guidance:

- Management has indicated that revisions to the financials will be undertaken once the demerger scheme is effective. Additionally, they have committed to ensuring that the capital allocation to the Film, Series, and Events business remains below 18% of the total capital deployed at any given time.

- Actual Results:

['Q2', '2024']:

- In Q2 FY2024, management reported that the total capital allocation to the Film, Series, and Events business did not exceed 18% of the total capital allocated, aligning with their guidance. Additionally, the Advertising and Promotion (A&P) spend for the quarter was reported to be around INR 13 crore.

['Q1', '2024']:

- The royalty expenses as a percentage of revenue have come down. Vikram Mehra mentioned that when a film is put on theatrical release, they recover 70% to 80% of the cost. The marketing cost is fully written off in the June quarter.

['Q3', '2024']:

- In Q3 FY24, management reported that content charge off and the corresponding marketing expenses had increased by 54% year-on-year, which indicates a significant rise in cost management efforts. Additionally, the change in working capital was INR 289 Mn, reflecting adjustments post-demerger and efficient capital usage.

['Q4', '2023']:

- The total capital allocation to Film, Series, and Events business will never exceed 18% of the capital deployed at any particular time in the company. The content cost for FY23 is lower by INR 107Mn as compared to the charge based on previous estimates, leading to incremental PAT of INR 80Mn.

- Evaluation:

- {'evaluation': 'Expectations Met', 'evaluation_reason': 'The management successfully adhered to their guidance of keeping capital allocation to the Film, Series, and Events business below 18%, and they made necessary financial adjustments post-demerger, aligning with their cost management strategy.'}

5. Strategic alliances and collaborations

- **Narrative:** Management has outlined plans to pursue minority investments within the music sector, with the possibility of full acquisitions. This move is aimed at strengthening the company's strategic position and expanding its influence in the industry.

- Management's Guidance:

- Management intends to engage in minority investments with potential buyouts in the music sector within the current year, indicating an active pursuit of strategic growth opportunities through acquisitions.

- Actual Results:

['Q3', '2024']:

- Vikram Mehra mentioned that Saregama struck relationships with all 9 platforms and achieved efficiency levels 2.5 to 3 years ago.

['Q4', '2023']:

- Vikram Mehra mentioned that Saregama struck relationships with all 9 platforms and achieved efficiency levels 2.5 to 3 years ago.

['Q2', '2024']:

- In Q2 FY24, Vikram Mehra mentioned that Saregama struck relationships with all 9 platforms and achieved efficiency levels 2.5 to 3 years ago.

['Q1', '2024']:

- In Q1 FY24, Vikram Mehra mentioned that Saregama struck relationships with all 9 platforms and achieved efficiency levels 2.5 to 3 years ago.

- Evaluation:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The actual results provided do not offer specific information about the minority investments or acquisitions in the music sector, making it impossible to determine if management's expectations were met.'}

6. Regional market focus

- **Narrative:** Management has articulated a strategic focus on expanding its presence in regional music markets, particularly emphasizing Hindi and Tamil languages. They are also exploring acquisition opportunities to bolster their regional content offerings.

- Management's Guidance:

- The company plans to take a leadership position in Hindi and Tamil music content. Additionally, they aim to acquire minority stakes in regional music companies with the intention of moving to an absolute majority within three to five years.

- Actual Results:

['Q1', '2024']:

- In Q1 FY24, Vikram Mehra mentioned that in the last year, 3 platforms have already moved behind a paywall.

['Q3', '2024']:

- There is no specific information in the provided data regarding the actual results for the theme Market Strategy and Expansion, subtheme Regional market focus for Q3 2024. The only available data mentions Vikram Mehra stating that in the last year, 3 platforms have already moved behind a paywall.

['Q4', '2023']:

- In Q4 2023, 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 available data does not provide specific information on the actual results related to Saregama's regional market focus, such as leadership position in Hindi and Tamil music or acquisition activities, making it impossible to assess whether expectations were met."}

7. Content creation partnerships

- **Narrative:** Management discussed their strategic initiatives in content creation partnerships aimed at expanding their portfolio and increasing engagement through the release of a targeted number of films in the upcoming financial year.

- **Management's Guidance:**

- Management indicated plans to release a specific number of films in the current financial year.

- **Actual Results:**

['Q1', '2024']:

- In Q1 FY24, management reported that they currently have 123-odd artists under Pocket Aces and 15 under Saregama, reflecting their ongoing efforts in content creation partnerships.

['Q3', '2024']:

- In Q3 FY24, management detailed their strategic progress in content creation partnerships, highlighting that they currently have 123-odd artists under Pocket Aces and 15 under Saregama.

['Q4', '2023']:

- Unfortunately, the actual results for the theme 'Content and Licensing Strategy' and subtheme 'Content creation partnerships' specifically related to the release of films in Q4 2023 are not available in the provided data. The available actual results data pertains to Tamil serials completing over 1200 episodes each, which does not directly address the film release guidance or narrative.

['Q2', '2024']:

- In Q2 FY24, the actual results reported by management included that they currently have 123-odd artists under Pocket Aces and 15 under Saregama. This indicates a focus on expanding their content creation partnerships, although specific details on the number of films released were not provided.

- **Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation_reason': "The actual results data provided does not directly address the management's guidance regarding the release of a specific number of films, focusing instead on artist partnerships without specifying film releases."}

8. AI integration strategies

- **Narrative:** Management has highlighted the importance of Artificial Intelligence as a critical component of their digital transformation strategy. They are focusing on leveraging AI to enhance operational efficiencies and drive future growth.

- **Management's Guidance:**

- The management indicated that investments in Artificial Intelligence are projected to yield significant benefits over the next two to three years.

- **Actual Results:**

['Q2', '2024']:

- No specific performance metrics or results regarding the AI integration strategies within the theme of Digital Transformation and Growth were reported for Q2, 2024, based on the available data.

['Q1', '2024']:

- No specific actual results related to the theme Digital Transformation and Growth, subtheme AI integration strategies for Q1 2024 were provided in the available data.

['Q3', '2024']:

- There are no specific actual results reported for the theme of Digital Transformation and Growth with subtheme AI integration strategies in Q3 2024 based on the provided data.

['Q4', '2023']:

- Unfortunately, based on the provided actual results data, there is no specific information available for the theme Digital Transformation and Growth, subtheme AI integration strategies, for Q4 2023. The available actual results pertain to revenue from post-2000 music releases and royalty payments, which do not directly address the AI integration strategy.

- **Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The lack of specific performance metrics or results related to AI integration strategies in the reported quarters suggests there is insufficient information to determine if expectations were met or exceeded.'}

9. Licensing agreements

- **Narrative:** The management highlighted the importance of their licensing agreements, focusing on how these agreements contribute to their revenue streams. The discussion emphasized the strategic approach Saregama is taking to optimize these agreements to ensure sustainable growth and competitive advantage in the market.

- **Management's Guidance:**

- Management indicated that singers will be paid 25% of all the public performance revenue generated by Saregama India Limited. This reflects a commitment to equitable revenue sharing and potentially indicates a strategy to attract and retain top talent by aligning their interests with the company's performance.

- **Actual Results:**

['Q2', '2024']:

- In Q2 FY24, management reported that Saregama owns 142k songs, each digitised with rich metadata. This highlights the company's ongoing efforts to optimize their licensing agreements and leverage their extensive music catalogue for sustainable growth.

['Q1', '2024']:

- In Q1 FY24, Saregama owns 142k songs, each digitised with rich metadata.

['Q3', '2024']:

- In Q3 FY24, Saregama owns 142k songs, each digitised with rich metadata.

['Q4', '2023']:

- Board member stated that the company has strong licensing relationships with streaming applications and platforms for music and video.

- **Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The actual results primarily focus on the digitization and metadata of the song catalogue, without specific

information on the outcomes of the licensing agreements or the impact of the 25% revenue sharing strategy, thus making it difficult to determine if expectations were met, exceeded, or not met.}