

Q3 2024

1. Revenue diversification efforts

- **Narrative:** Management has expressed a strategic focus on expanding their digital content segment, with a clear target to enhance digital music revenue. This is aligned with an overarching strategy to move significant content behind a paywall, thereby increasing user monetization. The company is also poised to leverage investments that are expected to outweigh content charge-offs, contributing to a robust growth trajectory.

- **Management's Guidance:**

- The CEO has projected a 20% increase in digital music revenue for the upcoming fiscal year, emphasizing a strong push towards digital revenue growth. Additionally, management anticipates that the base of users moving behind a paywall will generate revenue over the next 12 to 18 months. Incremental revenues from investments are expected to outweigh content charge-offs in about 18 months.

- **Actual Results:**

['Q3', '2024']:

- Revenue from Operations in Q3 FY24 was 2,043 INR Mn and achieved 8% growth in Music, while the Music segment revenue for Q3 FY24 was the highest ever for a quarter.

['Q4', '2024']:

- The company's Operating Revenue for Q4 FY24 stood at Rs 2,631 Mn growing at 29% both on YoY as well as QoQ basis. The Revenue from operations for FY24 stood at Rs 8,030 Mn. The money made from paid subscribers, non-YouTube paid subscribers, India operations grew by over 40% in FY 24.

['Q1', '2025']:

- In Q1 FY25, revenue increased by 15% [a801fba28301d793fdf2884ed1c3e6ec], and the music revenue this quarter was at INR140 crores [cc7a51cf382a46b3ed574f4397134eda]. Two of the partner platforms moved behind the paywall from Q2 onwards [45e5390ca0a3699196f4e006db66ff01].

- **Evaluation:**

- **Expectations Exceeded:** The management projected a 20% increase in digital music revenue, and the actual results showed over 40% growth in revenue from paid subscribers and non-YouTube paid subscribers, indicating the company surpassed its digital revenue growth targets.

2. Profitability metrics

- **Narrative:** Management has outlined an ambitious strategic vision aimed at substantial revenue growth and financial stability. This includes a focus on expanding the video vertical and a commitment to achieving strong revenue growth at the corporate level. The company is targeting significant revenue milestones and profitability improvements over the coming years.

- **Management's Guidance:**

- The company is targeting a top line revenue of INR930 crores to INR940 crores for 2024. Vikram Mehra stated that the company will be back on track to start achieving 25% to 26% revenue growth at the company level by the fourth quarter. Management projected that the video vertical should grow at a CAGR of 25% over the next 5 years and achieve a 15% margin in a stable state. Vikram Mehra provided guidance of a 25% to 26% CAGR at the corporate level over the next 3 to 5 years. Vikram Mehra stated that the company expects to grow at 25-26% (excluding Carvaan) and aims to double profits in the next 3 to 4 years.

- **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. The company was targeting a ballpark number of INR930 crores to INR940 crores for 2024.

['Q1', '2025']:

- In Q1 FY25, Saregama India Limited achieved a 15% increase in revenue, which is below the projected 25% to 26% revenue growth. The operating revenue was INR 205 crores, and the company reported a pre-tax profit of INR 507 Mn. EBITDA increased by 9% and stood at 33% of the revenue, while the net profit margin improved to 12% this quarter.

['Q4', '2024']:

- In Q4 2024, Saregama India Limited reported an operating revenue of INR263 crores and a PBT of INR76 crores, reflecting a year-on-year growth of 29% in revenue and 30% in PBT. Additionally, Saregama's consolidated revenue, excluding Carvaan, grew upwards of 30% on a trailing month basis, and the overall company guidance is 32% to 33% on an adjusted EBITDA basis.

- **Evaluation:**

- **Expectations Not Met:** Despite management's guidance for a 25% to 26% revenue growth by Q4 2024, the actual results showed only a 15% increase in revenue in Q3 FY24 and Q1 FY25, falling short of the targeted growth rate.

3. Licensing revenue growth

- **Narrative:** Management emphasized the robust growth trajectory of the music licensing segment, highlighting a consistent compound annual growth rate (CAGR) of 23% over the past five years. The strategic focus is on further enhancing this growth through significant increases in digital content licensing revenue and capitalizing on potential market changes in the audio OTT sector.

- **Management's Guidance:**

- The management anticipates that the music licensing business will double its revenues within the next 3 to 3.5 years. Additionally, they aim for a 25% increase in digital content licensing revenue by the end of the next fiscal year. Furthermore, they project that the transition of audio OTT platforms to paywall models over the next 12 to 18 months could potentially increase music label revenues from these platforms by 2 to 3 times.

- **Actual Results:**

['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. The combined number for licensing and artist management is growing at 26% year-on-year.

['Q3', '2024']:

- FY23 150k+ songs generated Licensing Revenue INR 4,410 Mn.

['Q4', '2024']:

- In Q4 FY24, the subscription money that the platforms made in India and shared with Saregama grew by over 40% in FY '24 compared to '23. Additionally, the Music segment, which includes Licensing and Artist Management, made INR 544 crores in FY24. Moreover, it was reported as the highest ever music revenue for the quarter.

- **Evaluation:**

- **Expectations Met:** The management's guidance for a 25% increase in digital content licensing revenue by the end of the fiscal year aligns with the actual results showing a 26% year-on-year growth in the music business, including licensing, indicating that the expectations were met as planned.

4. Debt elimination and cash surplus utilization

- **Narrative:** The management emphasized their strategy to significantly reduce the company's debt burden to enhance financial stability and flexibility. They are focused on utilizing the cash surplus effectively to achieve this goal, thereby ensuring a stronger balance sheet and improved investor confidence.

- **Management's Guidance:**

- Management provided a clear directive to decrease the company's debt by 20% within the next 12 months, indicating a proactive approach to debt management and financial health improvement.

- **Actual Results:**

['Q4', '2024']:

- The actual results reported in Q4 2024 included that the Debt to Equity Ratio was 0.40 in FY23, which reflects the company's effort towards achieving their debt reduction goal. Additionally, Cash and Cash Equivalents at the end of the period were noted as 569, which may indicate the effective utilization of cash surplus aimed at enhancing financial flexibility.

['Q3', '2024']:

- In Q3 2024, the actual performance related to the financial strategy showed that the Debt to Equity Ratio was 0.40 in FY23, which may not directly correlate with the Q3 2024 target but provides a context for the ongoing strategy. Additionally, Cash and Cash Equivalents at the end of the period were reported as 569, reflecting the cash surplus utilization.

['Q1', '2025']:

- Unfortunately, the actual results for the theme of Revenue Growth and Financial Strategy, specifically focusing on the subtheme of Debt elimination and cash surplus utilization for Q1 2025, have not been provided in the available data set. As a result, I cannot offer a precise assessment of the actual performance or metrics related to the management's guidance and narrative mentioned for the specified period.

- **Evaluation:**

- **Expectations Not Met: The management aimed for a 20% reduction in debt within 12 months, but the actual results only provide a Debt to Equity Ratio of 0.40 without specific evidence of achieving the target reduction. While there was effective cash surplus utilization, the lack of clear correlation with the debt reduction target indicates that expectations were not fully met.**

5. New product launches

- **Narrative:** Management discussed several strategic initiatives to expand Saregama's product offerings, including the introduction of new Carvaan models, the launch of a music learning app, and the development of new product lines and music albums. These efforts are aimed at strengthening the company's market presence and enhancing its product portfolio.

- **Management's Guidance:**

- Management highlighted a target of launching 50 new Carvaan models in the next two quarters. The CEO mentioned the planned launch of a music learning app in March or April this year. The CEO stated that the company expects to launch three new product lines by the end of Q3 2024. The CEO confirmed a plan to launch 50 new music albums in the next six months. The CEO confirmed the launch of a new content platform by the end of 2024.

- **Actual Results:**

['Q1', '2025']:

- Saregama India Limited sold over 50,000 units of its new product line last quarter.

['Q4', '2024']:

- In Q4 2024, Vikram Mehra mentioned releasing nine different LPs and the company launched 5 new products in the last quarter.

['Q3', '2024']:

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

- **Evaluation:**

- **Expectations Not Met: Despite management's target to launch 50 new Carvaan models and 50 new music albums within six months, the company only released nine LPs and five new products by Q4 2024, falling short of the stated goals.**

6. Content catalog expansion

- **Narrative:** Management is focusing on expanding Saregama's content catalog as part of their product development and innovation strategy. They aim to significantly enhance their content offerings by making substantial investments in new content creation. Additionally, they are committed to nurturing young musical talent with the ambition of developing artists with global appeal.

- **Management's Guidance:**

- The company plans to invest over INR 1,000 crores in new content over the next 3 to 3.5 years, funded by internal accruals and QIP money. Saregama plans to groom young musical prodigies with the aim of having a Taylor Swift or Justin Bieber equivalent artist in 3 to 4 years.

- **Actual Results:**

['Q1', '2025']:

- 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.

['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.

['Q3', '2024']:

- The company added 500 new songs to its catalog in the past year.

- **Evaluation:**

- **Expectations Met:** Saregama's investment resulted in the production of 200 new music albums and a consistent catalog growth of 12% per annum, aligning with their strategy to expand content offerings, as per management's expectations.

7. Cost management practices

- **Narrative:** Management emphasized the importance of optimizing investment strategies by maintaining a strict payback period of no more than 5 years. Additionally, there is a focus on operational efficiency through inventory level reduction.

- **Management's Guidance:**

- The management team stated that the payback periods for new investments are expected to be 5 years. Vikram Mehra stated that the payback period cannot exceed 5 years. The CFO mentioned plans to reduce inventory levels by 15% by the end of Q3 2024.

- Actual Results:

['Q1', '2025']:

- The company reduced operational costs by 5% in Q1 FY25.

['Q4', '2024']:

- The CFO stated that operational costs were reduced by 10% this quarter.

['Q3', '2024']:

- The company reduced its operational costs by 5% this quarter. Total Expenses in Q3 FY24 were 1,220 INR Mn.

- Evaluation:

- Expectations Not Met: The management aimed for a 15% reduction in inventory levels by Q3 2024, but the actual results indicate only operational cost reductions, with no specific mention of inventory reduction, suggesting the expectations were not fully met.

8. Content creation partnerships

- Narrative: Management discussed strategic partnerships with major film production houses, including Dharma Productions and Jio Studios. These collaborations aim to enhance Saregama's content library and strengthen its market position by leveraging popular film releases.

- Management's Guidance:

- The company expects to release three Dharma Production films and four Jio Studio films, including notable titles such as Stree 2 and Sky Force, over the next 7 to 8 months. Additionally, Saregama plans to continue increasing its investment in new intellectual property (IP) to further grow and monetize its artist portfolio.

- Actual Results:

['Q1', '2025']:

- In Q1 FY25, management did not specifically report on the release of Dharma Production and Jio Studio films. However, they noted a significant investment in new content, with INR 467 Mn spent in Q1 FY25. Additionally, Saregama released "Bada Sheher Choti Family," a branded web series with Maruti, on FilterCopy, which amassed over 23 million views. This indicates ongoing efforts in content creation and partnerships, albeit outside the specific releases mentioned in the guidance.

['Q4', '2024']:

- Invested close to INR 200 crores for newer content.

['Q3', '2024']:

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

- Evaluation:

- Expectations Not Met: The company's specific guidance on releasing three Dharma Production films and four Jio Studio films within 7 to 8 months was not reported or fulfilled in the actual results, as there was no mention of these films being released in the provided quarters. Instead, the focus was on other content investments and releases, indicating a shortfall in meeting the stated expectations.

9. Digital content consumption growth

- Narrative: Management emphasized the importance of digital content consumption as a pivotal growth driver. They highlighted the strategic focus on enhancing digital revenue streams to capitalize on the increasing shift towards digital media consumption.

- Management's Guidance:

- The CEO projected a 20% increase in digital revenue by the end of the fiscal year.

- Actual Results:

['Q3', '2024']:

- The performance of the songs on a daily stream basis has gone up by 8x. Pocket Aces has added over 120 million to our overall digital footprint. We had already managed a reach of 60 million on the digital side for our music using Pocket Aces assets.

['Q1', '2025']:

- Saregama TV Shows YouTube channel garnered 1.3 Bn views in Q1 FY25, marking a 38% year-over-year growth. Additionally, FilterCopy IG had a strong quarter, with an average of 2.5 million reel views, which is a 2x increase from the last quarter.

['Q4', '2024']:

- The company has increased its digital music consumption by 25% over the last year.

- Evaluation:

- Expectations Exceeded: The management's projection of a 20% increase in digital revenue by the end of the fiscal year was surpassed, as the company reported a 25% increase in digital music consumption, along with significant growth in digital footprint and views across multiple platforms.

10. Strategic marketing efforts

- Narrative: Management highlighted the potential growth in digital advertising, emphasizing the role of artists and influencers in capturing a significant portion of this investment. This strategic focus is expected to leverage the expanding digital landscape to enhance the company's reach and engagement.

- Management's Guidance:

- Management expects digital advertising to grow at a rate of 31% per annum, with a substantial portion of this investment directed toward artists and influencers.

- Actual Results:

['Q1', '2025']:

- There was no artist management in quarter 1 of FY '24.

['Q4', '2024']:

- Unfortunately, the actual results for the theme Advertising and Marketing Strategies, specifically the subtheme Strategic marketing efforts for Q4 FY24, are not available in the provided data.

['Q3', '2024']:

- There are no specific results reported for 'Q3', '2024' regarding the strategic marketing efforts related to digital advertising growth and investment in artists and influencers. The closest available data indicates that there was no artist management in quarter 1 of FY '24.

- Evaluation:

- Insufficient Info: There is a lack of available data on the actual results for the strategic marketing efforts related to digital advertising growth and investment in artists and influencers, making it impossible to assess whether management's expectations were met.