

Q4 2023

1. Revenue Growth and Market Leadership

- **Narrative:** Management expressed confidence in strong revenue growth across various business segments. Specific targets were given for music licensing and Carvaan sales. The company aims to solidify its market leadership position, particularly in regional languages and expand into Hindi and Tamil. A strategy of acquiring minority stakes in regional music companies with the intent of later gaining majority control was also outlined.

- **Management's Guidance:**

- Music licensing revenue is projected to grow by 22% to 25%; Carvaan sales are expected to increase by 25% in the upcoming fiscal year; The Films, Series, and Events business is projected to grow by approximately 25% annually; Saregama plans to achieve leadership positions in Hindi and Tamil markets; Acquisitions of minority stakes in regional music companies, with a plan to transition to majority ownership within 3-5 years, are anticipated.

- **Actual Results:**

['Q3', '2024']:

- Overall revenue from operations for Q3 FY24 was INR 1,559 million, showing a 4.3% year-on-year increase. 9M FY24 revenue from operations was INR 5,083 million, representing a 29.6% increase compared to the same period in FY23. This overall growth doesn't isolate the performance of music licensing and Carvaan, but shows positive movement against the targets. Information on market share gains in Hindi and Tamil or the success of acquisitions is not present in the provided data.

['Q4', '2023']:

- Revenue from Operations was INR 1,645 Mn in Q4 FY23, a 10.0% increase from Q3 FY23 and a 75.8% increase from Q4 FY22. Overall FY23 revenue grew by 45.9% to INR 5,566 Mn from INR 3,814 Mn in FY22. Licensing revenue grew by more than 20% for the fifth consecutive year. Carvaan unit sales grew by approximately 40% to 5.6 lakhs. The Film, Series and Events vertical reached its highest-ever revenue, exceeding Rs. 150 crores in FY23.

['Q1', '2024']:

- In Q1 FY24, Saregama achieved a 60% year-on-year revenue growth, primarily driven by enhanced B2C monetization. Music business showed a healthy 17% growth in Q1. Carvaan sales volume grew by over 50%. The company maintained its growth numbers despite building multiple revenue sources. While specific numbers for music licensing and Tamil/Hindi market leadership weren't explicitly stated, overall growth significantly exceeded projections.

['Q2', '2024']:

- Q2 2024 data shows mixed results. Revenue from operations reached INR 3,524 Mn, with Digital Media revenue declining by 2.1% and Traditional Media growing by 65%. Licensing revenue growth is cited as 22-23%, but the timeframe isn't specified. Further details on Carvaan sales are not provided.

- **Evaluation:**

- **{'evaluation': 'Partially Met expectations', 'evaluation_reason': 'While overall revenue and key segments (licensing and Carvaan) exceeded expectations in Q4 FY23, the data lacks specifics regarding the Hindi and Tamil market leadership and the impact of planned acquisitions, preventing a complete evaluation.'}**

2. Profitability and Margin Targets

- **Narrative:** Management provided guidance on adjusted EBITDA and operating margins, highlighting cost optimization efforts. Specific margin targets were given for different business segments.

- **Management's Guidance:**

- The company expects an adjusted EBITDA of 32% to 33% annually; A 3% improvement in operating margin is anticipated in the next quarter due to cost optimization and operational efficiency; Films business margins are projected to be between 15% and 20%; Series business is expected to reach positive margins within the next 12-18 months, eventually achieving a 15% margin.

- **Actual Results:**

['Q3', '2024']:

- In Q3 FY24, Saregama reported an EBITDA of INR 73 million and an EBITDA margin of 1.43%. The net profit was INR (264) million, resulting in a net profit margin of (5.19)%. These figures significantly deviate from the management's guidance, indicating a need for further investigation into the reasons behind the shortfall. Information on segment-specific margins is not directly available.

['Q4', '2023']:

- In Q4 FY23, EBITDA was INR 169 Mn, with a margin of 10.26%, a significant improvement from the previous quarter. FY23 EBITDA was INR 473 Mn, representing a 31.9% increase from FY22. The EBITDA margin for FY23 was 8.49%. PAT in Q4 FY23 was INR 47 Mn (INR 48 Mn after adjustments), with a margin of 2.95%. FY23 PAT was INR 96 Mn, with a margin of 1.68%.

['Q1', '2024']:

- In Q1 FY24, the company achieved an EBITDA margin of 4.04%, below the 32-33% annual target. The provided data does not offer sufficient detail to assess the performance of individual business segments (films and series) against their respective margin targets. Further information is needed to fully assess the achievement of profitability goals.

['Q2', '2024']:

- Q2 2024 data shows an EBITDA of INR 250 Mn (7.08% margin) according to one source and INR 172 Mn (8.65% margin) according to another. Net profit margin was 1.01%. The provided data does not offer a direct comparison to the annual EBITDA guidance or the specific margin targets for films and series.

- **Evaluation:**

- **{'evaluation': 'Did not meet expectations', 'evaluation_reason': 'The actual EBITDA and PAT margins in Q4 FY23 and FY23 significantly fell short of the management's annual guidance of 32-33% EBITDA margin. Further, no segment-specific margin data is available to assess progress against those targets.'}**

3. Capital Allocation and Financial Health

- **Narrative:** Management emphasized a disciplined approach to capital allocation, particularly limiting investment in films, series, and events to a maximum of 18% of total capital deployed.

- **Management's Guidance:**

- The maximum capital allocation to the Films, Series, and Events business will not exceed 18% of total capital deployed.

- **Actual Results:**

['Q3', '2024']:

- The provided Q3 2024 data does not contain information on the actual capital allocation to the Films, Series, and Events business. Therefore, no comparison to the management's guidance can be made.

['Q4', '2023']:

- No specific data on actual capital allocation to Films, Series, and Events is provided in the available data to assess whether the 18% limit was met.

['Q1', '2024']:

- The provided data does not directly address the actual capital allocation to Films, Series, and Events in Q1 FY24. However, it was mentioned that the films and TV business continues to grow at 25% annually, while total capital allocation remains within the 18% upper limit. Further information is required for a comprehensive assessment.

['Q2', '2024']:

- No data from the provided Q2 2024 results directly addresses actual capital allocation to the Films, Series, and Events business. Therefore, no comparison to the 18% guidance is possible.

- Evaluation:

- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': 'The provided data for Q4 2023 lacks information on actual capital allocation to the Films, Series, and Events business, making it impossible to assess whether the 18% limit was met.'}