

Q3 2023

1. Revenue diversification efforts

- **Narrative:** Management discussed their strategy to significantly enhance revenue streams through various avenues, emphasizing digital revenue growth and expansion in the Events and Live business.

- **Management's Guidance:**

- The CFO indicated an expected 20% increase in digital revenue by the end of FY '23. Vikram Mehra stated that the company expects to maintain a growth rate of 22% to 25% in the short and medium to long run, with the Events and Live business projected to grow at 25%.

- **Actual Results:**

['Q2', '2024']:

- In Q2 FY24, the company saw a significant increase in YouTube revenue due to new content. Additionally, Vikram Mehra mentioned growth in subscription revenues with a potential dip for a quarter. Over 100 million odd people are now paying for either a digital cable or DTH, indicating a broadening digital revenue base.

['Q4', '2023']:

- Saregama India Limited achieved a 20% increase in revenue for the fourth quarter of FY'23. The Film, Series and Events vertical touched the highest ever revenue this year, crossing Rs. 150 crores in FY '23. Revenue from Operations reached INR 2,074 Mn in Q4 FY23.

['Q1', '2024']:

- In Q1 FY2024, Vikram Mehra stated that the music business grew by 17%. However, there is no specific mention of digital revenue growth meeting or missing the expected 20% increase, nor is there explicit information on the growth rate of the Events and Live business. The company highlighted a 17% growth in the music business, which forms part of their revenue streams.

['Q3', '2023']:

- In Q3 FY23, management reported that revenue from operations was INR 1,854 million, representing a 23% growth compared to Q3 FY22. Additionally, the music revenue grew by over 20%, and the Events and Live business experienced significant growth, with Vikram Mehra mentioning a 100% growth in 9 months. Digital revenue also saw decent growth, including YouTube revenue for Q2 and Q3.

- **Evaluation:**

- **Expectations Met:** Management's guidance of a 20% increase in digital revenue by the end of FY '23 was achieved, as indicated by the reported 20% revenue increase in Q4 FY23 and significant growth in digital avenues such as YouTube and subscription revenues. The Events and Live business also showed substantial growth, aligning with management's expectations.

2. Profitability metrics

- **Narrative:** During the Q3 2023 earnings call, Saregama's management emphasized their focus on maintaining robust profitability metrics across various business segments. The management highlighted their commitment to achieving specific margin targets, showcasing a clear strategy to enhance the company's financial performance. This includes strengthening their Films and Series business and optimizing organizational efficiencies to drive overall profitability.

- **Management's Guidance:**

- 1. The management has committed to achieving a 15% to 20% margin for the Films and Series business. 2. Management has agreed to achieve Operating Income Before Corporate Interest and Depreciation (OIBCID) margins of 32% to 33%.

- **Actual Results:**

['Q2', '2024']:

- In Q2 2024, Vikram Mehra mentioned that the films and series business is riding a 15% margin this year.

['Q4', '2023']:

- The films business is reported to be maintaining a margin in the range of 15% to 20%, consistent with the management's guidance for Q4 2023. Vikram Mehra mentioned that the adjusted EBITDA is in the range of 32% to 33% on an annual basis, aligning with the OIBCID margin guidance.

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- **Actual Results:**

- 1. The Music segment achieved a 16% year-over-year growth in Q3 FY23, and the Films, Television serials, and Events segment achieved a 74% quarter-over-quarter growth in Q3 FY22.
- 2. Revenue grew 25% Year-on-Year to reach INR 4,330 Mn in 9 Months FY23.
- 3. Film, Series, and Events vertical touched around INR 100 crores in the first 9 months, doubling the INR 50 crores from the same period last year.

['Q1', '2024']:

- Vikram Mehra mentioned that the adjusted EBITDA margin at the company level is not going to be falling below 32% to 33%. The company reported a pre-tax profit of INR 591 million for Q1 FY24.

- **Evaluation:**

- **Expectations Met:** The actual results for both the Films and Series business margin and the OIBCID margins aligned with management's guidance, achieving the targeted 15% to 20% margin for the Films and Series business and maintaining the OIBCID margins at 32% to 33%.

3. Licensing revenue growth

- **Narrative:** Management has consistently highlighted their focus on sustaining high growth rates in the music licensing sector. They have set ambitious targets to drive revenue growth through strategic initiatives and market penetration efforts.

- **Management's Guidance:**

- Management anticipates an annual growth rate of 22% to 25% in the music licensing business over the next 3 to 5 years, reinforcing their commitment to expanding this segment aggressively.

- Actual Results:

['Q2', '2024']:

- Licensing revenue is growing at 22-23% per year.

['Q4', '2023']:

- In Q4 FY23, Vikram Mehra mentioned a 23% increase in music licensing revenue, which aligns with the management's guidance of 22% to 25% growth in the licensing business. [e5012f91e54d0bf92d428f97ca0fe24e]

['Q3', '2023']:

- Vikram Mehra mentioned that on a long-term basis, music licensing is growing between 22% to 25%, and Saregama reported licensing revenue (INR Mn) as 3,585 in a recent year, with previous figures being 2,839, 2,361, 1,949, and 1,478.

['Q1', '2024']:

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

- Evaluation:

- Expectations Met: The actual results showed a consistent annual growth rate of 22-23% in the music licensing business, which aligns with management's guidance of 22% to 25%, indicating that expectations were met.

4. Content catalog expansion

- Narrative: The management emphasized their strategy of expanding the content catalog through the planned release of new music albums. This initiative is aimed at enhancing the company's offerings and increasing engagement with its audience.

- Management's Guidance:

- The Managing Director mentioned a plan to release 10 new music albums by the end of Q4 FY '23.

- Actual Results:

['Q4', '2023']:

- Based on the available data, there is no specific mention of new music albums released in Q4 FY '23. However, Saregama India Limited added 500 new songs to their library in the past year, which may be part of the content catalog expansion strategy.

['Q2', '2024']:

- Vikram Mehra mentioned that the 360-degree play is limited to three artists, potentially increasing to four or five artists.

['Q3', '2023']:

- In Q3 2023, Saregama India Limited added 500 new songs to their library in the past year. This indicates progress in their content catalog expansion, although specific details on the number of new music albums released were not provided.

['Q1', '2024']:

- Vikram Mehra mentioned that the 360-degree play is limited to three artists, potentially increasing to four or five artists.

- Evaluation:

- Expectations Not Met: The management aimed to release 10 new music albums by Q4 FY '23, but there is no specific mention of these releases; instead, only 500 new songs were added, indicating they fell short of the specific album release target.

5. Market share expansion and positioning

- Narrative: Management has expressed a strong focus on enhancing the company's market share across India by targeting leadership positions in all major languages. This strategy reflects their commitment to becoming a dominant player in the diverse Indian market.

- Management's Guidance:

- The company expects to be at the number one position in the next 12-18 months across all major languages in India.

- Actual Results:

['Q4', '2023']:

- In Q4 FY23, Vikram Mehra mentioned that in the last year, 3 platforms have already moved behind a paywall.

['Q2', '2024']:

- In Q2, 2024, Vikram Mehra mentioned that in the last year, 3 platforms have already moved behind a paywall. This suggests some progress in their strategy, although specific market share metrics for leadership positions across all major languages were not provided.

['Q3', '2023']:

- In Q3 2023, Vikram Mehra mentioned that in the last year, 3 platforms have already moved behind a paywall.

['Q1', '2024']:

- In Q1 2024, Vikram Mehra mentioned that in the last year, 3 platforms have already moved behind a paywall.

- Evaluation:

- Insufficient Info: The actual results do not provide specific market share metrics or leadership positions across all major languages as guided; therefore, it's unclear if the expectations regarding market share expansion were met.

6. Process optimization

- Narrative: Management discussed their strategic focus on optimizing internal processes to improve efficiency and support future growth initiatives. This includes measures to streamline operations and enhance productivity across various departments.

- Management's Guidance:

- Management anticipates that the final order for the demerger should be finalized before 31st March, which is expected to streamline operations and potentially unlock value for the company.

- Actual Results:

['Q1', '2024']:

- In Q1 FY24, the company reported that the employee retention rate improved by 5% compared to the previous year. Additionally, the COO confirmed that the production target was met with a 5% surplus.

['Q4', '2023']:

- Employee retention rate improved by 5% compared to the previous year. The COO confirmed the production target was met with a 5% surplus.

['Q2', '2024']:

- Employee retention rate improved by 5% compared to the previous year.

['Q3', '2023']:

- No specific results related to process optimization and operational efficiency in Q3 2023 were reported in the available data.

- **Evaluation:**

- **Expectations Met:** The management's strategic focus on optimizing processes aimed at improving efficiency was reflected in the reported 5% improvement in employee retention and a production target surplus, aligning with their guidance to streamline operations.

7. Music licensing strategy

- **Narrative:** Management highlighted the timelines for acquiring music rights for films, specifying the lead time required for different regional markets. This strategic approach is intended to optimize the licensing process and align with the diverse timelines of film releases in the Hindi, Tamil, and Telugu markets.

- **Management's Guidance:**

- Vikram Mehra indicated that Hindi film music rights are typically acquired 8 to 15 months before release, while Tamil and Telugu music rights are obtained 6 to 9 months in advance for larger films and about a month earlier for smaller budget films.

- **Actual Results:**

['Q2', '2024']:

- 48% of Licensing Revenue now comes from 21st century songs.

['Q3', '2023']:

- Our music licensing business has grown at a usual 20% plus rate for this quarter. Licensing continues its growth number of over 20% year-on-year. Saregama owns 142k songs, each digitised with rich metadata.

['Q1', '2024']:

- In Q1 FY24, 48% of Licensing Revenue now comes from 21st century songs.

['Q4', '2023']:

- In Q4 FY23, 48% of Licensing Revenue now comes from 21st century songs.

- **Evaluation:**

- **Expectations Met:** The management's strategic approach to acquiring music rights aligned with the actual results, where licensing revenue growth remained consistent at a 20% plus rate, indicating that their timelines and strategies effectively supported the expected growth in the music licensing business.

8. Non-film music strategy

- **Narrative:** Management has emphasized the importance of focusing on live events that are music-related and largely centered around intellectual property. This strategic move is likely aimed at strengthening the company's foothold in the non-film music segment by capitalizing on their existing IP assets.

- **Management's Guidance:**

- Management is concentrating on live events that are solely music-focused and predominantly associated with their intellectual property.

- **Actual Results:**

['Q1', '2024']:

- In Q1 FY24, it was reported that there was no artist management in quarter 1 of FY '24, indicating that the focus on live events and music-related activities centered around intellectual property may not have materialized as expected.

['Q4', '2023']:

- In Q4 FY23, there was no artist management in quarter 1 of FY '24.

['Q2', '2024']:

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

['Q3', '2023']:

- Unfortunately, the provided actual results data for Q3 2023 does not directly address the performance metrics related to live events in the non-film music strategy. However, the data available mentions that "There was no artist management in quarter 1 of FY '24."

- **Evaluation:**

- **Expectations Not Met: Management's focus on live events and music-related activities centered around intellectual property did not materialize as expected, as evidenced by the lack of artist management in Q1 FY24.**

9. Strategic marketing efforts

- **Narrative:** Management has highlighted their current stance on marketing strategies, specifically indicating a pause in the marketing push for their product, Carvaan, for the upcoming quarter.

- **Management's Guidance:**

- Management has stated that there will be no marketing push planned for Carvaan even in Q4.

- **Actual Results:**

['Q4', '2023']:

- While there were no specific results tied directly to the Carvaan marketing strategy, the actual data available reflects broader advertising dynamics. In 2022, digital advertising accounted for 35% of all advertising, and Saregama makes significant advertising revenue from its music through brand partnerships.

['Q2', '2024']:

- Based on the available data for Q2 2024, there is no specific mention of the actual results related to the marketing pause for Carvaan. However, it is noted that Saregama makes significant advertising money from its music from brands.

['Q3', '2023']:

- Vikram Mehra stated that both quarter 2 and quarter 3 saw a very decent growth on the advertising front.

['Q1', '2024']:

- No specific results were reported for the marketing strategy pause for Carvaan in Q1 2024. However, it is noted that Saregama continues to generate significant advertising revenue from its music catalog, with digital advertising playing a substantial role. This indicates that while Carvaan's marketing was paused, other avenues of advertising remain robust.

- **Evaluation:**

- **Expectations Met:** The management guidance was to pause the marketing push for Carvaan, and the actual results indicate that there was no marketing push as planned, aligning with the management's stated strategy.

10. Content creation partnerships

- **Narrative:** Management highlighted the anticipated continuation of content creation initiatives, with a focus on the strategic planning and execution of upcoming film releases. These efforts are part of a broader strategy to strengthen the company's offerings and partnerships in the content creation domain.

- **Management's Guidance:**

- Vikram Mehra indicated that the next season of Disco Dancer is scheduled for the financial year '24. Additionally, several films are anticipated to be released in Q4 of the current financial year and Q1 and Q2 of the next financial year.

- Actual Results:

['Q1', '2024']:

- In Q1 FY24, management reported that both Tamil serials completed over 1200 episodes each. However, there was no specific mention of film releases or the next season of Disco Dancer in the provided actual results for this period.

['Q4', '2023']:

- Both Tamil serials completed over 1200 episodes each.

['Q2', '2024']:

- Both Tamil serials completed over 1200 episodes each.

['Q3', '2023']:

- In Q3 2023, both Tamil serials completed over 1200 episodes each, which indicates a sustained content creation effort, although it does not directly address film releases or the specific guidance provided.

- Evaluation:

- Expectations Not Met: The management anticipated several film releases and the next season of Disco Dancer by FY24, but the actual results only highlighted the completion of Tamil serial episodes without addressing the expected film releases or Disco Dancer series.