



Strong Momentum Continues

Saregama India reported a healthy Q4FY26 performance led by sharp acceleration in Music Vertical (music + retail + artist management) 30% YoY, 11% QoQ growth), Video segment degrew 34% YoY, while it grew 72% QoQ. Events segment grew 158% YoY, degrew 45% QoQ.

Adjusted EBITDA stood at ₹1,327 mn (margin 46%, +1000 bps QoQ), aided by operating leverage and favourable mix, with music segment margins remaining robust.

Long-term Music Vertical EBITDA margin guidance maintained at 60–65%.

Key Financial Highlights

- **Revenue:** For Q4 FY26, Saregama reported revenue from operations of ₹2,874 million, a 10.4% QoQ growth, aided by greater than expected growth in Music and Video.
- **Segment Performance:**
 - Music (Licensing + Retail + Artiste Management): Revenue increased by 30% YoY and 11% QoQ to ₹2,429 million, continuing to contribute ~78% of total revenue.
 - Video: Revenue stood at ₹187 million (↓14% QoQ, ↓23% YoY), gradually went down over a period.
 - Events: Revenue came in at ₹323 million, up 72% QoQ but down 34% YoY due to the gradual scaling down.
- **Adjusted EBITDA (as per PPT):** ₹1,327 million, up 10% QoQ and 31% YoY, with margins expanding sharply to 46% (vs 42% in Q4 FY25), driven by operating leverage and strong music monetization.
- **Content Cost:** Content charge stood at ₹329 million (down 32% QoQ, down 4% YoY).
- **Profit After Tax (PAT):** ₹741 million, up 45% QoQ, & 24% YoY. PAT margin remained healthy at ~21%.
- **EPS:** ₹3.85 per share (vs ₹2.66 in Q3 FY26 and ₹3.11 in Q4 FY25).

Financial Summary

Year End (Rs mn)	FY22	FY23	FY24	FY25	FY26	FY27e	FY28E
Net sales	5,806	7,366	8,030	11,714	9,846	10,991	12,960
Growth	31%	27%	9%	46%	-16%	12%	18%
EBITDA	1,871	2,210	2,466	2,770	3,368	3,822	4,537
Growth	44%	18%	12%	12%	22%	14%	19%
PAT (adj)	1,527	1,851	1,976	1,993	2,142	2,385	2,819
Growth	35%	21%	7%	1%	7%	11%	18%
EPS	8	10	10.3	10.6	11.2	12.4	14.7
P/E (x)	46	40	37	36	34	31	26
ROE (%)	11	14	13	13	13	13	14
ROCE (%)	13	15	14	14	15	15	16

Source: Company, Dalal & Broacha Research

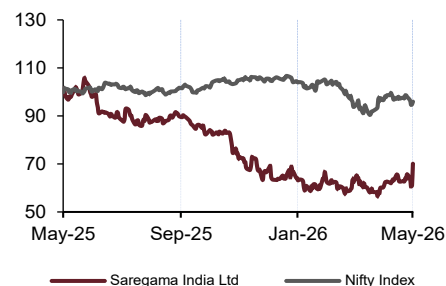
Rating	TP (Rs)	Up/Dn (%)
BUY	510	33

Market data

Current price	Rs	385
Market Cap (Rs.Bn)	(Rs Bn)	74
Market Cap (US\$ Mn)	(US\$ Mn)	775
Face Value	Rs	1
52 Weeks High/Low	Rs	603 / 305.65
Average Daily Volume	('000)	229
BSE Code		532163
Bloomberg		SARE.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Mar-26	Dec-25
Promoters	61	61
Public	39	39
Total	100	100

Source: Bloomberg

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Outlook

- **Revenue Growth:** Music (Licensing, Retail and Artist Management revenues expected to grow at 21–23% CAGR over the medium term.
- **Content Spend:** FY27 content acquisition spend guided at ₹300–350 crore, and single digit to lower double digit incremental spends in FY28.

Valuations and Outlook:

Q4FY26 delivered steady underlying performance, supported by continued growth in music licensing revenues. With FY27 likely marking the peak of aggressive content investments, management expects operating leverage, margin expansion and capital efficiency to improve materially over the medium term while continuing to build an integrated entertainment ecosystem across music licensing, artist management, live events and digital content.

At CMP of Rs 385, the stock trades at 31x/26x FY27e/28e EPS.

We MAINTAIN our BUY RATING on the stock with a target price of Rs 510, implying an upside of 33%. (35x FY28e EPS).

Concall KTA's

A. Music Licensing

- Music vertical growth sharply re-accelerated in H2FY26 with revenue growth improving to 26% vs 7% in H1FY26, aided by normalization of content releases and complete washout of Airtel Wynk-related base impact.
- Management indicated structural disruption from shutdown/paywall transition of free streaming platforms is now fully behind, improving revenue visibility ahead.
- FY26 fresh music investments stood at ~₹2.4 bn while another ~₹1.0 bn was deployed toward inorganic catalogue acquisitions.
- FY27 content investment guided at ₹3.0–3.5 bn with strong pipeline including (Love & War, Nagzilla, Rajinikanth Tamil project, Nani's *Paradise*).
- Management reiterated 21–23% long-term music revenue growth guidance.
- Long-term Music Vertical EBITDA margin guidance maintained at 60–65%.

B. Artist Management

- Managed artist base expanded to 300+ artists with combined digital reach exceeding 400 mn followers/subscribers.
- Management sees artist management evolving into a meaningful second monetisation engine within the broader music ecosystem.
- Pocket Aces achieved breakeven in FY26 as guided earlier. Management expects Pocket Aces profitability trajectory to improve further going ahead.

C. Video Content

- Video Vertical revenue declined 43% YoY to ₹1.1 bn as company consciously scaled down in-house film production activities.
- Going ahead, film exposure will largely be routed through Bhansali Productions partnership instead of direct capital-intensive production.
- Capital allocation toward Video + Live businesses expected to reduce materially from ~18% earlier to mid-single digit levels going ahead, supporting improved capital efficiency and ROCE profile.

D. Live Events

- FY26 Live Events revenue stood at ₹620 mn; YoY comparison impacted by one-off Diljit Dosanjh India tour in FY25.
- Company launched first proprietary festival IP "UN40 (12,000 Footfalls).
- Management expects festival business to remain investment-heavy initially with breakeven targeted by FY28.

Quarterly Snapshot

(Rs Mn)	Q4FY26	Q4FY25	YoY Growth (%)	Q3FY26	QoQ Growth (%)
Revenue from operations	2,874	2,408	19.4%	2,604	10.4%
Other income	92	177	-48.2%	74	23.3%
Total Income	2,966	2,585		2,678	
COGS	829	762	8.9%	801	3.5%
Employee Benefit expenses	270	241	12.0%	273	-1.1%
Other Expenses	339	226	49.9%	203	67.2%
Advertisement Expenses	114	198	-42.3%	229	-50.3%
Royalty expenses	112	178	-37.0%	180	-37.6%
EBITDA (excl other income)	1,210	803	50.6%	917	31.8%
Less : Depreciation	237	166	42.5%	214	10.6%
PBIT	973	637	52.7%	704	38.3%
Less: Interest cost	21	47	-56.3%	13	62.2%
PBT (before share of profit from associates & exceptional)	1,044	767	36.2%	765	36.4%
Share of Profit from associates	6	-		-	
Exceptional	(16)	50		(70)	
PBT (after exceptional)	1,034	816	26.7%	695	48.7%
Less : Tax	293	218		183	
PAT	741	599	23.9%	512	44.7%
Adj EPS	3.9	2.9	33.8%	3.0	31.2%
Margins (%)			(in bps)		(in bps)
Gross Margins	71.1%	68.4%	278	69.2%	192
EBITDA (excl OI) Margins	42.1%	33.4%	873	35.2%	685
Adjusted EBITDA margins incl Live events	46.0%	42.0%	400	46.0%	-
Adjusted EBITDA margins excl Live events	51.0%	42.0%	900	48.0%	300
Net profit Margin	25.0%	23.2%	184	19.1%	586
Revenue segment wise					
Music (includes Retail)	2,004	1,681	19.2%	1,797	11.5%
Artist management	425	188	125.5%	398	6.7%
Video	323	492	-34.4%	187	72.5%
Events	123	48	158.1%	222	-44.5%
Segmental EBIT MARGINS					
Music	64%	54.4%	946	46.7%	1,714
Artist management	10%	6.4%	398	11.2%	(80)
Video	20%	-0.7%	2,027	1.7%	1,782
Events	-69%	35.0%	(10,374)	25.6%	(9,431)

* Consolidated P/L

Source: Company, Dalal & Broacha Research

FINANCIALS

P&L (Rs mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Sales	5,806	7,366	8,030	11,714	9,846	10,991	12,960
Total Operating Expenses	1,431	2,250	2,320	5,431	3,178	3,539	4,108
Employee Cost	735	750	932	1,075	1,090	1,209	1,490
Other Expenses	1,770	2,156	2,313	2,438	2,211	2,421	2,824
Operating Profit	1,871	2,210	2,466	2,770	3,368	3,822	4,537
Depreciation	131	208	362	582	816	981	1,131
PBIT	1,740	2,002	2,104	2,188	2,552	2,841	3,406
Other income	349	536	637	581	423	444	466
Interest	45	57	32	57	54	60	60
PBT (Before exceptional	2,044	2,481	2,708	2,711	2,920	3,225	3,812
PBT (post exceptional)	2,044	2,481	2,708	2,711	2,920	3,225	3,812
Provision for tax	518	630	732	718	779	840	993
Reported PAT	1,527	1,851	1,976	1,993	2,142	2,385	2,819
Balance Sheet (Rs mn)							
	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity capital	193	193	193	193	193	193	193
Reserves	13,617	13,262	14,533	15,675	16,759	18,379	20,433
Net worth	13,809	13,455	14,726	15,868	16,952	18,572	20,626
Non Current Liabilities	611	507	2,644	900	1,165	821	832
Current Liabilities	2,459	3,080	2,969	4,184	5,103	5,032	5,534
TOTAL LIABILITIES	16,879	17,041	20,338	20,952	23,220	24,425	26,991
Non Current Assets	4,559	4,521	8,117	8,925	14,294	16,706	17,401
Tangible + Intangible Assets	2,795	3,418	7,478	8,346	7,373	10,008	10,603
Non Current Investments	1,453	-	-	-	-	-	-
Investment accounted for using equity method					3,107	3,113	3,119
Goodwill					2,939	2,939	2,939
Deferred Tax Asset	-	-	-	-	29	-	-
Other Financial Assets	20	530	172	78	303	21	21
Other Non Current Assets	292	574	468	501	543	625	719
Current Assets	12,320	12,520	12,221	12,027	8,925	7,719	9,590
Current investments	5,308	2,388	1,177	1,112	678	475	332
Inventories	1,054	1,643	2,393	2,402	2,434	2,299	2,876
Trade Receivables	1,078	1,480	1,587	1,432	1,769	2,168	2,841
Cash and Bank Balances	3,237	5,083	5,421	5,437	1,493	88	746
Short Term Loans and Advances	228	262	221	193	189	189	189
Other Current Assets	1,414	1,666	1,422	1,451	2,362	2,501	2,607
TOTAL ASSETS	16,879	17,041	20,338	20,952	23,220	24,425	26,991

FINANCIALS

Cash flow statement (Rs in mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Cash flow from operating activities							
Profit before tax	2,044	2,481	2,708	2,711	2,926	3,231	3,818
Depreciation & Amortization	131	208	362	582	816	981	1,131
Interest expenses	45	57	32	57	54	60	60
Operating profit before working capital change	2,220	2,746	3,102	3,351	3,796	4,272	5,009
Working capital adjustment	(485)	(932)	(627)	488	(69)	(575)	(1,023)
Gross cash generated from operations	1,736	1,814	2,475	3,838	3,727	3,697	3,986
Direct taxes paid	572	669	514	806	640	840	993
Others	220	211	1,029	(280)	2,087	311	85
Cash generated from operations	944	934	932	3,312	1,000	2,545	2,909
Cash flow from investing activities							
Capex	(727)	(1,031)	(923)	(1,617)	(2,140)	(3,617)	(1,726)
Paid for purchase of Pocket Aces	-	-	(1,662)	(1,275)	(109)	(353)	-
Investment	(5,713)	(589)	2,183	251	4,010	203	142
Others	137	139	568	434	356	1,601	261
Cash generated from investment activities	(6,303)	(1,481)	166	(2,206)	(1,135)	(2,165)	(1,323)
Cash flow from financing activities							
Proceeds from issue of share	19	-	-	-	-	-	-
Share premium received on issue of shares	7,314	-	-	-	-	-	-
Borrowings/ (Repayments)	(4)	(6)	(25)	(25)	699	-	-
Interest paid	(11)	(7)	(30)	(16)	(29)	(60)	(60)
Dividend paid	(578)	(578)	(771)	(868)	(868)	(868)	(868)
Others	33	(161)	(22)	(79)	(109)	353	-
Cash generated from financing activities	6,772	(752)	(849)	(987)	(314)	(575)	(928)
Net cash increase/ (decrease)	1,415	(1,361)	402	125	(412)	(194)	658
Ratios	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OPM	32.2%	30.0%	30.7%	23.6%	34.2%	34.8%	35.0%
NPM	24.8%	23.4%	22.8%	16.2%	20.9%	20.9%	21.0%
Tax Rate	25.3%	25.4%	27.0%	26.5%	26.7%	26.0%	26.0%
Growth Ratios (%)							
Net Sales	31.4%	26.9%	9.0%	45.9%	-15.9%	11.6%	17.9%
Operating Profit	43.8%	18.1%	11.6%	12.3%	21.6%	13.5%	18.7%
PBIT	39.8%	15.0%	5.1%	4.0%	16.6%	11.3%	19.9%
PAT	34.5%	21.2%	6.8%	0.9%	7.5%	11.4%	18.2%
Per Share (Rs.)							
Net Earnings (EPS)	8.4	9.6	10.3	10.6	11.2	12.4	14.7
Dividend	3.0	3.0	4.0	4.0	4.0	4.0	4.0
Book Value	71.6	69.8	76.4	82.3	87.9	96.3	107.0
Free Cash Flow	1.1	-0.5	0.0	8.8	-5.9	-5.6	6.1
Valuation Ratios							
P/E(x)	45.7	40.0	37.5	36.3	34.3	31.0	26.3
P/B(x)	5.4	5.5	5.0	4.7	4.4	4.0	3.6
EV/EBIDTA(x)	38.9	32.1	28.0	24.8	20.4	19.2	16.5
Div. Yield(%)	0.8	0.8	1.0	1.0	1.0	1.0	1.0
FCFF Yield(%)	0.3	-0.1	0.0	2.3	-1.5	-1.4	1.6
Return Ratios (%)							
ROE	11.1%	13.8%	13.4%	12.6%	12.7%	12.9%	13.7%
ROCE	12.6%	14.9%	14.3%	13.8%	14.6%	14.8%	16.1%
ROIC	12.3%	17.9%	16.5%	15.5%	11.7%	11.0%	12.3%

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