

Short-term Softness; Long-term Growth Intact



Saregama India reported revenue of ₹2,300 mn (–5% YoY; +11% QoQ), impacted by delayed film music releases and weaker video revenues (only one major release). Pure Music licensing grew 19% YoY, while retail declined 2% YoY and video fell 70% YoY; live events contributed ₹222 mn vs. ₹6 mn last year, reflecting a strong scale-up.

Adjusted EBITDA excl Content charge stood at ₹847 mn (margin 37%, +500 bps QoQ), driven by cost efficiency and a better mix. Music segment margins remained robust,

Management maintained 32–33% EBITDA margin outlook, with H2FY26 expected to be stronger led by a heavier content slate, AI-enabled video production, and growing live events.

Key Financial Highlights

- **Revenue:** For Q2 FY26, Saregama reported revenue from operations of ₹2,300 million, an 11% QoQ growth, though slightly down 5% YoY due to a high base in the video segment.
- **Segment Performance:**
 - Music (Licensing + Artiste Management) grew 12% YoY and 11% QoQ to ₹1,653 million, continuing to drive over 70% of total revenue.
 - Video revenue stood at ₹218 million (↓39% QoQ, ↓70% YoY) as the company calibrated content releases.
 - Events revenue surged to ₹222 million (vs. ₹51 million in Q1 FY26), led by live tours such as Diljit Dosanjh's Aura Tour.
 - Retail (Carvaan) improved 22% QoQ to ₹207 million.
- **Adjusted EBITDA:** ₹847 million, up 28% QoQ and flat YoY, with margin expansion to 37% (vs. 32% in Q1 FY26 and 35% in Q2 FY25).

Financial Summary

Year End (Rs mn)	FY 22	FY 23	FY 24	FY 25	FY 26e	FY 27e
Net sales	5,806	7,366	8,030	11,714	12,089	14,236
Growth	31%	27%	9%	46%	3%	18%
EBITDA	1,871	2,210	2,466	2,770	3,938	5,049
Growth	44%	18%	12%	12%	42%	28%
PAT (adj)	1,527	1,851	1,976	1,993	2,713	3,466
Growth	35%	21%	7%	1%	36%	28%
EPS	8	10	10.3	10.6	14.1	18.0
P/E (x)	54	47	44	43	32	25
ROE (%)	11	14	13	13	15	17
ROCE (%)	13	15	14	14	18	21

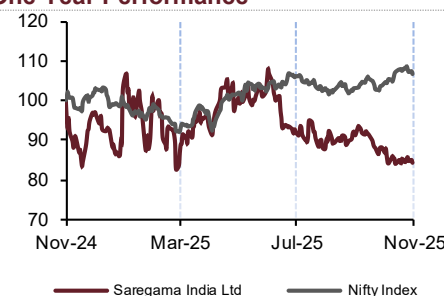
Source: Dalal & Broacha Research, Company

Rating	TP (Rs)	Up/Dn (%)
BUY	632	40

Market data

Current price	Rs	452
Market Cap (Rs.Bn)	(Rs Bn)	87
Market Cap (US\$ Mn)	(US\$ Mn)	983
Face Value	Rs	1
52 Weeks High/Low	Rs	603.95 / 417.4
Average Daily Volume	('000)	41
BSE Code		532163
Bloomberg		SARE.IN
Source: Bloomberg		

One Year Performance



Source: Bloomberg

% Shareholding	Sep-25	Jun-25
Promoters	60	59
Public	40	40
Total	100	100

Source: Bloomberg

Akshay Kolekar

91 22 67141496

akshay.kolekar@dalal-broacha.com

- **Content Cost:** Content charge rose to ₹325 million (↑24% QoQ) as new music and film investments accelerated.
- **Profit Before Tax (PBT):** ₹601 million, an 18% sequential growth and stable YoY.
- **Profit After Tax (PAT):** ₹438 million, representing 20% QoQ growth, with PAT margin steady at 19%.
- **EPS:** ₹2.28 per share (vs. ₹1.90 in Q1 FY26, ₹2.33 in Q2 FY25).
- **Dividend:** The Board declared an interim dividend of ₹4.50 per share (450% on face value of ₹1).

Outlook

- Music Licensing & Artist Management revenue guidance re-iterated to grow at a CAGR of 19-20% over the medium term
- Content cost acquisition for FY26: ~3.2Bn to 3.3Bn
- Adjusted EBITDA margins of 32-33%
- use generative AI video generation tools to create music videos for older songs.

Valuations and Outlook:

Q2FY26 performance was affected by temporary factors like delayed film music releases and softer video revenues, making it unrepresentative of the full year. Management expects a stronger H2FY26 driven by new content launches, AI-led video initiatives, and growing live events.

Despite near-term margin volatility, Saregama's core music business remains resilient with steady licensing growth. The company's strategic investments in AI, D2C, and experiential verticals position it well for long-term value creation. We believe short-term pressures should be overlooked in favor of its strong structural growth outlook.

At CMP of Rs 455, the company is trading at 32x/25x FY26E/27E.

We MAINTAIN our BUY RATING on the stock with a target price of Rs 632, upside of 39%.

Concall KTA's

A. Music Licensing

- Q2 content performance was driven by successful regional releases such as *Ilikar* (Tamil), *Dum Ketu* (Bengali, featuring Arijit Singh), and *Sahasam* (Malayalam), alongside strong non-film tracks like *Kokina*, *Mashuka* (Honey Singh), and *Chal turu turu* (Marathi).
- Strengthened presence in the Haryanvi market through a strategic partnership with ex-promoters of NAV Haryanvi, offering a scalable model for future regional collaborations.
- FY26 music content spend revised down to ₹3200–3300 million as major film albums (*Love & War* by Sanjay Leela Bhansali) are deferred to next fiscal
- Senior hires from global music labels have enhanced leadership across acquisition, marketing, and monetization functions.

B. Artist Management

- The artist management business continues scaling, adding 80 artists in Q2 to reach a 230+ artist roster with 200M+ combined followers.
- Rising digital ad spends (~14–15% YoY) are expected to drive growth, with artists acting as key conduits for Gen Z engagement.

C. Video Content and Live Events (Experiential)

- The company is pivoting video content towards short-form “micro-series” (1–3 minutes, up to 1,000 episodes) targeting Gen Z consumption patterns.
- Q2 events included Diljit Dosanjh Tour partnerships and the second Disco Dancer Musical in Dubai.
- Plans are underway for the first Saregama Music Festival in Bengaluru (March 2026), with future experiential expansions into comedy and live concerts.

D. New Revenue Vertical: Brand Sponsorships

- The new division consolidates sales across music, live events, and FilterCopy, offering brands a unified engagement solution.
- The three-pillar offering—Creation, Artists/Influencers, and Distribution—leverages the company’s 400M+ reach to deliver integrated campaigns.
- Management expects this vertical to make a meaningful contribution to revenue and profitability in the medium term.

Quarterly Snapshot

(Rs Mn)	Q2FY26	Q2FY25	YoY Growth (%)	Q1FY26	QoQ Growth (%)
Revenue from operations	2,300	2,418	-4.9%	2,068	11.2%
Other income	115	125	-8.5%	142	-19.4%
Total Income	2,415	2,544		2,210	
COGS	800	871	-8.2%	748	6.9%
Employee Benefit expenses	296	304	-2.7%	251	17.7%
Other Expenses	206	214	-3.7%	217	-5.1%
Advertisement Expenses	122	253	-51.8%	147	-16.8%
Royalty expenses	189	168	13.0%	152	24.3%
EBITDA (excl other income)	688	608	13.0%	553	24.4%
Less : Depreciation	190	136	39.4%	175	8.7%
PBIT	498	472	5.4%	378	
Less: Interest cost	11	4	162.8%	10	15.3%
PBT (before exceptional)	601	593	1.3%	511	17.7%
Exceptional	-	-		-	
PBT (after exceptional)	601	593	1.3%	511	17.7%
Less : Tax	163	144		145	
PAT	438	450	-2.5%	365	20.0%
EPS	2.3	2.3	-2.5%	1.9	20.0%
Margins (%)			(in bps)		(in bps)
Gross Margins	65.2%	64.0%	127	63.8%	140
EBITDA (excl OI) Margins	29.9%	25.2%	474	26.7%	316
Adjusted EBITDA margins incl Live events	37.0%	35.0%	200	32.0%	500
Adjusted EBITDA margins excl Live events	41.0%	35.0%	600	34.0%	700
Net profit Margin	18.1%	17.7%	48	16.5%	163
Revenue segment wise					
Music (includes Retail)	1,601	1,528		1,433	
Artist management	259	165		227	
Video	218	720		357	
Events	222	6		51	
Segmental EBIT MARGINS					
Music	48.4%	42.2%		52.1%	
Artist management	8.7%	5.5%		6.9%	
Video	6.3%	10.7%		-18.2%	
Events	-6.8%	-150.9%		-55.1%	

Source: Company, Dalal & Broacha Research

FINANCIALS

P&L (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	5,806	7,366	8,030	11,714	12,089	14,236
Total Operating Expenses	1,431	2,250	2,320	5,431	4,316	4,940
Employee Cost	735	750	932	1,075	1,120	1,253
Other Expenses	1,770	2,156	2,313	2,438	2,716	2,994
Operating Profit	1,871	2,210	2,466	2,770	3,938	5,049
Depreciation	131	208	362	582	658	740
PBIT	1,740	2,002	2,104	2,188	3,279	4,310
Other income	349	536	637	581	488	488
Interest	45	57	32	57	32	32
PBT (Before exceptional)	2,044	2,481	2,708	2,711	3,735	4,766
PBT (post exceptional)	2,044	2,481	2,708	2,711	3,735	4,766
Provision for tax	518	630	732	718	1,022	1,300
Reported PAT	1,527	1,851	1,976	1,993	2,713	3,466

Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity capital	193	193	193	193	193	193
Reserves	13,617	13,262	14,533	15,675	17,667	20,411
Net worth	13,809	13,455	14,726	15,868	17,859	20,603
Non Current Liabilities	611	507	2,644	900	597	603
Current Liabilities	2,459	3,080	2,969	4,184	4,418	4,810
TOTAL LIABILITIES	16,879	17,041	20,338	20,952	22,875	26,017
Non Current Assets	4,559	4,521	8,117	8,925	9,761	10,691
Tangible + Intangible Assets	2,795	3,418	7,478	8,346	9,164	10,008
Non Current Investments	1,453	-	-	-	-	-
Deferred Tax Asset	-	-	-	-	-	-
Other Financial Assets	20	530	172	78	21	21
Other Non Current Assets	292	574	468	501	576	662
Current Assets	12,320	12,520	12,221	12,027	13,114	15,325
Current investments	5,308	2,388	1,177	1,112	778	545
Inventories	1,054	1,643	2,393	2,402	2,086	2,299
Trade Receivables	1,078	1,480	1,587	1,432	2,385	2,808
Cash and Bank Balances	3,237	5,083	5,421	5,437	6,087	7,779
Short Term Loans and Advanc	228	262	221	193	221	221
Other Current Assets	1,414	1,666	1,422	1,451	1,557	1,673
TOTAL ASSETS	16,879	17,041	20,338	20,952	22,875	26,017

FINANCIALS

Cash flow statement (Rs in mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Cash flow from operating activities						
Profit before tax	2,044	2,481	2,708	2,711	3,735	4,766
Depreciation & Amortization	131	208	362	582	658	740
Interest expenses	45	57	32	57	32	32
Operating profit before working capital change	2,220	2,746	3,102	3,351	4,426	5,537
Working capital adjustment	(485)	(932)	(627)	488	(521)	(390)
Gross cash generated from operations	1,736	1,814	2,475	3,838	3,905	5,147
Direct taxes paid	572	669	514	806	1,022	1,300
Others	220	211	1,029	(280)	(27)	(52)
Cash generated from operations	944	934	932	3,312	2,911	3,899
Cash flow from investing activities						
Capex	(727)	(1,031)	(923)	(1,617)	(1,476)	(1,584)
Paid for purchase of Pocket Aces	-	-	(1,662)	(1,275)	(309)	-
Investment	(5,713)	(589)	2,183	251	334	234
Others	137	139	568	434	(117)	(121)
Cash generated from investment activities	(6,303)	(1,481)	166	(2,206)	(1,569)	(1,471)
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)	-	-
Interest paid	(11)	(7)	(30)	(16)	(32)	(32)
Dividend paid	(578)	(578)	(771)	(868)	(772)	(772)
Others	33	(161)	(22)	(79)	(309)	-
Cash generated from financing activities	6,772	(752)	(849)	(987)	(804)	(804)
Net cash increase/ (decrease)	1,415	(1,361)	402	125	538	1,624
Ratios	FY22	FY23	FY24	FY25	FY26E	FY27E
OPM	32.2%	30.0%	30.7%	23.6%	32.6%	35.5%
NPM	24.8%	23.4%	22.8%	16.2%	21.6%	23.5%
Tax Rate	25.3%	25.4%	27.0%	26.5%	27.4%	27.3%
Growth Ratios (%)						
Net Sales	31.4%	26.9%	9.0%	45.9%	3.2%	17.8%
Operating Profit	43.8%	18.1%	11.6%	12.3%	42.2%	28.2%
PBIT	39.8%	15.0%	5.1%	4.0%	49.9%	31.4%
PAT	34.5%	21.2%	6.8%	0.9%	36.2%	27.7%
Per Share (Rs.)						
Net Earnings (EPS)	8.4	9.6	10.3	10.6	14.1	18.0
Dividend	3.0	3.0	4.0	4.0	4.0	4.0
Book Value	71.6	69.8	76.4	82.3	92.6	106.9
Free Cash Flow	1.1	-0.5	0.0	8.8	7.4	12.0
Valuation Ratios						
P/E(x)	54.0	47.2	44.3	42.8	32.2	25.2
P/B(x)	6.4	6.5	6.0	5.5	4.9	4.3
EV/EBIDTA(x)	46.1	38.2	33.5	29.7	20.9	16.2
Div. Yield(%)	0.7	0.7	0.9	0.9	0.9	0.9
FCFF Yield(%)	0.2	-0.1	0.0	1.9	1.6	2.6
Return Ratios (%)						
ROE	11.1%	13.8%	13.4%	12.6%	15.2%	16.8%
ROCE	12.6%	14.9%	14.3%	13.8%	18.4%	21.0%
ROIC	12.3%	17.9%	16.5%	15.5%	20.3%	24.5%

Disclaimer

Dalal & Broacha Stock Broking Pvt Ltd, hereinafter referred to as D&B (CINU67120MH1997PTC111186) was established in 1997 and is an integrated financial services player offering an extensive range of financial solutions and services to a wide spectrum of customers with varied needs ranging from equities to mutual funds to depository services.

D&B is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE). D&B along with its affiliates offers the most comprehensive avenues for investments and is engaged in the securities businesses including stock broking (Institutional and retail), depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.dalal-broacha.com

D&B is registered as Research Analyst with SEBI bearing registration Number INH000001246 as per SEBI (Research Analysts) Regulations, 2014.

D&B hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in any time in the past. It has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on D&B for certain operational deviations in routine course of business.

D&B offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by D&B (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

D&B or its associates may have financial interest in the subject company.

D&B or its associates do not have any material conflict of interest in the subject company.

The Research Analyst or Research Entity (D&B) has not been engaged in market making activity for the subject company.

D&B or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Disclosures in respect of Research Analyst:

Whether Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report:	No
Whether the Research Analyst or his/her relative's financial interest in the subject company.	No
Whether the research Analyst has served as officer, director or employee of the subject company	No
Whether the Research Analyst has received any compensation from the subject company in the past twelve months	No
Whether the Research Analyst has managed or co-managed public offering of securities for the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation or other benefits from the subject company or third party in connection with the research report	No

D&B and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject D&B or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to D&B. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of D&B. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of D&B or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021.
Tel: 91-22- 2282 2992, 2287 6173 | E-mail: equity.research@dalal-broacha.com