

Steady Core, Optionality from New Growth Verticals

Saregama India reported revenue of ₹2,604 mn (–46% YoY; +13% QoQ), with YoY decline driven by an exceptionally high live events base in Q3 FY25. Excluding events, core revenue grew 16% YoY, led by strong music performance. Music (Licensing + Artiste Management) grew 29% YoY, while video revenue declined 23% YoY, retail fell 30% YoY in line with strategic downsizing. Live events contributed ₹222 mn vs. ₹2.7 bn last year, primarily due to fewer large format shows during the quarter versus the high base of Q3 FY25.

Adjusted EBITDA stood at ₹1,210 mn (margin 46%, +900 bps QoQ), aided by operating leverage and favourable mix, with music segment margins remaining robust.

Management reiterated medium-term EBITDA margin guidance of 32–33%, with growth expected to normalise as content investments, AI-enabled video monetisation, and selective scaling of live events continue.

Key Financial Highlights

- Revenue:** For Q3 FY26, Saregama reported revenue from operations of ₹2,604 million, an 13.2% QoQ growth, though significantly down 46% YoY due Events and video segment not performed well.
- Segment Performance:**

Music (Licensing + Artiste Management): Revenue increased by 29% YoY and 23% QoQ to ₹2,038 million, continuing to contribute ~78% of total revenue, driven by strong film and non-film releases and improved digital monetization.

Video: Revenue stood at ₹187 million (↓14% QoQ, ↓23% YoY), gradually went down over a period.

Events: Revenue came in at ₹222 million, flat QoQ but down 92% YoY due to the absence of large international tours seen in Q3 FY25

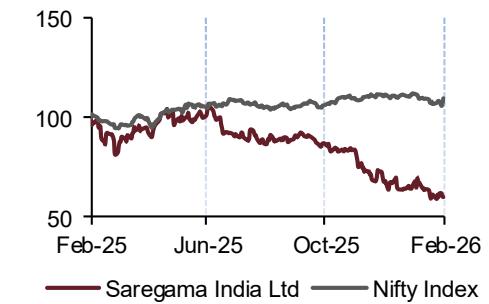
Retail (Carvaan) - Revenue fell 24% QoQ to ₹157 million, reflecting a continued focus on profitability over volumes.

- Adjusted EBITDA:** ₹1,210 million, up 43% QoQ and 18% YoY, with margins expanding sharply to 46% (vs 37% in Q2 FY26), driven by operating leverage and strong music monetization.
- Content Cost:** Content charge increased to ₹482 million (↑48% QoQ, ↑52% YoY), reflecting accelerated investments in new music IP and film content.

Rating	TP (Rs)	Up/Dn (%)
BUY	459	40
Market data		
Current price	Rs	328
Market Cap (Rs.Bn)	(Rs Bn)	63
Market Cap (US \$ Mn)	(US \$ Mn)	690
Face Value	Rs	1
52 Weeks High/Low	Rs	603 / 316.9
Average Daily Volume	('000)	194
BSE Code		532163
Bloomberg		SARE.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Dec-25	Sep-25
Promoters	60	60
Public	40	40
Total	100	100

Source: Bloomberg

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- **Profit After Tax (PAT):** ₹512 million, up 17% QoQ, though down 18% YoY due to the high base effect. PAT margin remained healthy at ~20%.
- **EPS:** ₹2.67 per share (vs ₹2.28 in Q2 FY26 and ₹3.23 in Q3 FY25).
- **Dividend:** The Board declared an interim dividend of ₹4.50 per share (450% on face value of ₹1).

Financial Summary

Year End (Rs mn)	FY 22	FY 23	FY 24	FY 25	FY 26E	FY 27e	FY 28E
Net sales	5,806	7,366	8,030	11,714	9,454	10,561	12,385
Growth	31%	27%	9%	46%	-19%	12%	17%
EBITDA	1,871	2,210	2,466	2,770	2,944	3,388	4,135
Growth	44%	18%	12%	12%	6%	15%	22%
PAT (adj)	1,527	1,851	1,976	1,993	1,787	2,041	2,526
Growth	35%	21%	7%	1%	-10%	14%	24%
EPS	8	10	10.3	10.6	9.4	10.6	13.1
P/E (x)	39	34	32	31	35	31	25
ROE (%)	11	14	13	13	11	11	13
ROCE (%)	13	15	14	14	12	13	15

Outlook

- **Revenue Growth:** Music Licensing and Artist Management revenues expected to grow at 21–23% CAGR over the medium term, led by new content investments and regional expansion.
- **Content Spend:** FY26 content acquisition spend guided at ₹275–300 crore, with deferment of select large film releases to FY27.
- **Margins:** Adjusted EBITDA margins to normalize at 32–33% over the medium term, with Q3 FY26 margins considered non-representative.

Valuations and Outlook:

Q3FY26 delivered steady underlying performance, supported by continued growth in music licensing revenues, while near-term fluctuations were driven by content release timing and lower contribution from video monetization. Management commentary highlighted a healthy pipeline of music acquisitions and improving visibility on content launches, which should support revenue momentum over the coming quarters.

At CMP of Rs 328, the company is trading at 31x/25x FY27E/28E.

We **MAINTAIN** our **BUY RATING** on the stock with a target price of Rs 459, upside of 40%.

Concall KTA's

A. Music Licensing

- The music business delivered 29% YoY growth in Q3 FY26, driven by a strong slate of film and non-film releases across Hindi and regional languages. Key releases included songs from Dhurandhar and content under the Nav Haryanvi partnership, strengthening Saregama's regional monetization strategy.
- During the quarter, the company released ~1,100 original tracks and premium recreations across multiple languages, reinforcing depth and freshness of the catalogue.
- FY26 music content spend guidance revised down to ₹275–300 crore, as certain large film releases have been deferred to the next financial year
- Strategic minority investment in Bhansali Productions provides exclusive access to marquee Hindi film music at a pre-agreed cost structure, improving return visibility on large-ticket content
- Management reiterated 21–23% long-term music revenue growth guidance

B. Artist Management

- The artist management vertical continues to scale, with the roster expanding to 270 artists managing a combined digital reach of 300+ million followers.
- The company remains focused on non-Bollywood and emerging talent
- Artist management is increasingly being used as a distribution and promotion engine for Saregama's music IP, particularly for Gen Z-focused content

C. Video Content

- The traditional movie production business is being gradually wound down over the next 12–15 months, with capital redeployed towards higher-ROIC music IP and short-format content.
- Video strategy is pivoting towards short-form, Gen Z-oriented content, including micro-series and digital-first formats, aimed at improving capital efficiency and audience engagement.

D. Live Events

- Live events during the quarter included successful shows such as **Diljit Dosanjh's tour and Himesh Reshammiya concerts**.
- Management reiterated that the events business remains **lumpy but high-IRR**, with a focus on **profitability over scale**

Quarterly Snapshot

(Rs Mn)	Q3FY26	Q3FY25	YoY Growth (%)	Q2FY26	QoQ Growth (%)
Revenue from operations	2,604	4,834	-46.1%	2,300	13.2%
Other income	74	157	-52.8%	115	-35.3%
Total Income	2,678	4,991		2,415	
COGS	801	3,118	-74.3%	800	0.2%
Employee Benefit expenses	273	267	2.3%	296	-7.7%
Other Expenses	203	209	-2.7%	206	-1.5%
Advertisement Expenses	229	211	8.9%	122	88.0%
Royalty expenses	180	186	-3.4%	189	-5.1%
EBITDA (excl other income)	917	844	8.7%	688	33.4%
Less : Depreciation	214	152	40.4%	190	12.5%
PBIT	704	691	1.8%	498	
Less: Interest cost	13	4	225.6%	11	12.4%
PBT (before exceptional)	765	845	-9.4%	601	27.3%
Exceptional	(70)	-		-	
PBT (after exceptional)	695	845	-17.7%	601	15.7%
Less : Tax	183	221		163	
PAT	512	623	-17.8%	438	16.9%
EPS	3.0	3.2	-8.0%	2.3	30.9%
Margins (%)			(in bps)		(in bps)
Gross Margins	69.2%	35.5%	3,373	65.2%	398
EBITDA (excl OI) Margins	35.2%	17.5%	1,778	29.9%	534
Adjusted EBITDA margins incl Live events	46.0%	21.0%	2,500	37.0%	900
Adjusted EBITDA margins excl Live events	48.0%	40.0%	800	41.0%	700
Net profit Margin	19.1%	12.5%	664	18.1%	98
Revenue segment wise					
Music (includes Retail)	1,797	1,620	10.9%	1,601	12.2%
Artist management	398	182	118.6%	259	53.7%
Video	187	243	-23.1%	218	-14.3%
Events	222	2,789	-92.0%	222	-0.1%
Segmental EBIT MARGINS					
Music	47%	42.2%		48.4%	
Artist management	11%	5.5%		8.7%	
Video	2%	10.7%		6.3%	
Events	26%	-150.9%		-6.8%	

Source: Company, Dalal & Broacha Research

FINANCIALS

P&L (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	5,806	7,366	8,030	11,714	9,454	10,561	12,385
Total Operating Expenses	1,431	2,250	2,320	5,431	3,205	3,612	4,112
Employee Cost	735	750	932	1,075	1,110	1,162	1,424
Other Expenses	1,770	2,156	2,313	2,438	2,195	2,400	2,714
Operating Profit	1,871	2,210	2,466	2,770	2,944	3,388	4,135
Depreciation	131	208	362	582	874	989	1,141
PBIT	1,740	2,002	2,104	2,188	2,070	2,399	2,995
Other income	349	536	637	581	416	437	459
Interest	45	57	32	57	47	40	40
PBT (Before exceptional)	2,044	2,481	2,708	2,711	2,439	2,796	3,413
PBT (post exceptional)	2,044	2,481	2,708	2,711	2,439	2,796	3,413
Provision for tax	518	630	732	718	652	755	887
Reported PAT	1,527	1,851	1,976	1,993	1,787	2,041	2,526

Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity capital	193	193	193	193	193	193	193
Reserves	13,617	13,262	14,533	15,675	16,761	18,030	19,785
Net worth	13,809	13,455	14,726	15,868	16,953	18,223	19,978
Non Current Liabilities	611	507	2,644	900	597	603	610
Current Liabilities	2,459	3,080	2,969	4,184	4,115	4,387	4,770
TOTAL LIABILITIES	16,879	17,041	20,338	20,952	21,665	23,214	25,358
Non Current Assets	4,559	4,521	8,117	8,925	9,761	10,691	11,385
Tangible + Intangible Assets	2,795	3,418	7,478	8,346	9,164	10,008	10,603
Non Current Investments	1,453	-	-	-	-	-	-
Deferred Tax Asset	-	-	-	-	-	-	-
Other Financial Assets	20	530	172	78	21	21	21
Other Non Current Assets	292	574	468	501	576	662	762
Current Assets	12,320	12,520	12,221	12,027	11,905	12,522	13,973
Current investments	5,308	2,388	1,177	1,112	778	545	381
Inventories	1,054	1,643	2,393	2,402	2,086	2,299	2,002
Trade Receivables	1,078	1,480	1,587	1,432	1,865	2,083	2,443
Cash and Bank Balances	3,237	5,083	5,421	5,437	5,398	5,700	7,123
Short Term Loans and Advanc	228	262	221	193	221	221	221
Other Current Assets	1,414	1,666	1,422	1,451	1,557	1,673	1,802
TOTAL ASSETS	16,879	17,041	20,338	20,952	21,665	23,214	25,358

FINANCIALS

Cash flow statement (Rs in mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Cash flow from operating activities							
Profit before tax	2,044	2,481	2,708	2,711	2,439	2,796	3,413
Depreciation & Amortization	131	208	362	582	874	989	1,141
Interest expenses	45	57	32	57	47	40	40
Operating profit before working capital change	2,220	2,746	3,102	3,351	3,360	3,824	4,594
Working capital adjustment	(485)	(932)	(627)	488	(304)	(305)	147
Gross cash generated from operations	1,736	1,814	2,475	3,838	3,056	3,520	4,741
Direct taxes paid	572	669	514	806	652	755	887
Others	220	211	1,029	(280)	(27)	(52)	(48)
Cash generated from operations	944	934	932	3,312	2,431	2,817	3,902
Cash flow from investing activities							
Capex	(727)	(1,031)	(923)	(1,617)	(1,692)	(1,833)	(1,736)
Paid for purchase of Pocket Aces	-	-	(1,662)	(1,275)	(309)	-	-
Investment	(5,713)	(589)	2,183	251	334	234	163
Others	137	139	568	434	(117)	(121)	(121)
Cash generated from investment activities	(6,303)	(1,481)	166	(2,206)	(1,785)	(1,720)	(1,693)
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)	(47)	(40)	(40)
Dividend paid	(578)	(578)	(771)	(868)	(772)	(772)	(772)
Others	33	(161)	(22)	(79)	(309)	-	-
Cash generated from financing activities	6,772	(752)	(849)	(987)	(819)	(812)	(812)
Net cash increase/ (decrease)	1,415	(1,361)	402	125	(172)	285	1,397
Ratios							
OPM	32.2%	30.0%	30.7%	23.6%	31.1%	32.1%	33.4%
NPM	24.8%	23.4%	22.8%	16.2%	18.1%	18.6%	19.7%
Tax Rate	25.3%	25.4%	27.0%	26.5%	26.7%	27.0%	26.0%
Growth Ratios (%)							
Net Sales	31.4%	26.9%	9.0%	45.9%	-19.3%	11.7%	17.3%
Operating Profit	43.8%	18.1%	11.6%	12.3%	6.3%	15.1%	22.1%
PBIT	39.8%	15.0%	5.1%	4.0%	-5.4%	15.9%	24.8%
PAT	34.5%	21.2%	6.8%	0.9%	-10.3%	14.2%	23.8%
Per Share (Rs.)							
Net Earnings (EPS)	8.4	9.6	10.3	10.6	9.4	10.6	13.1
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	94.5	103.6
Free Cash Flow	1.1	-0.5	0.0	8.8	3.8	5.1	11.2
Valuation Ratios							
P/E(x)	38.9	34.0	31.9	30.8	35.0	30.9	25.0
P/B(x)	4.6	4.7	4.3	4.0	3.7	3.5	3.2
EV/EBIDTA(x)	33.0	27.1	23.5	20.8	19.6	17.0	13.9
Div. Yield(%)	0.9	0.9	1.2	1.2	1.2	1.2	1.2
FCFF Yield(%)	0.3	-0.2	0.0	2.7	1.2	1.6	3.4
Return Ratios (%)							
ROE	11.1%	13.8%	13.4%	12.6%	10.6%	11.2%	12.7%
ROCE	12.6%	14.9%	14.3%	13.8%	12.2%	13.2%	15.0%
ROIC	12.3%	17.9%	16.5%	15.5%	13.2%	14.0%	17.3%

Source: Company, Dalal & Broacha Research

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