



Saregama India reported flat YoY revenue, impacted by lower ad spends (India-Pak tensions), film release delays, base quarter having strong releases, and Wynk shutdown (to normalize by Q3).

Music licensing grew ~8% YoY, retail declined 31% (per guidance), video down by 23% (only one release), while artist management rose 44%.

Margins: Music EBIT (incl retail) at 52.1% (+1,150 bps YoY). Video continued to report losses. Artist management margin at 6.9% (5-quarter high). Live events saw minor losses due to upfront marketing.

Acquired NAV Records (Haryanvi catalogue) in July '25; revenue will be recorded from Q3.

Working capital elevated due to content pipeline; normalization expected in 2 quarters.

Key business highlights

- Core music licensing business grew 8% YoY and -17% QoQ
- Music retailing (Carvaan) saw a de-growth of 31% YoY and +10% QoQ (management had guided for a reduced revenue contribution)
- Video Segment de-grew 23% YoY and 27% QoQ
- Youtube subscribers grew 42% YoY and 7% QoQ. Released 1000+ Film & Non-Film tracks in Hindi, Bhojpuri, Odia, Chattisgarhi, Gujarati, Punjabi, Tamil, Telugu, Malayalam, Marathi Bengali and other languages.
- During the quarter 25+ Influencers/Artist added taking the total Influencers/Artist managed by the Company to 230 (92% growth from FY24)
- Digital footprint across Saregama owned and controlled channels touched 400Mn followers and subscribers across YouTube, Instagram and Facebook.

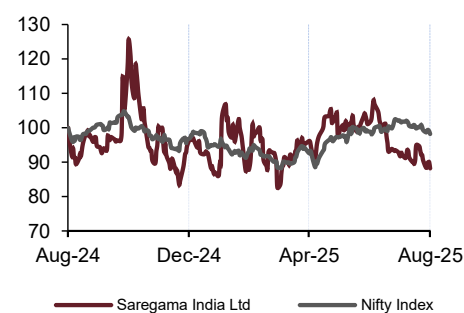
Rating	TP (Rs)	Up/Dn (%)
BUY	687	45

Market data

Current price	Rs	474
Market Cap (Rs.Bn)	(Rs Bn)	91
Market Cap (US\$ Mn)	(US\$ Mn)	1,042
Face Value	Rs	1
52 Weeks High/Low	Rs	688.9 / 417.4
Average Daily Volume	('000)	584
BSE Code		532163
Bloomberg		SARE.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

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

Source: Bloomberg

Financial Summary

Year End (Rs mn)	FY22	FY23	FY24	FY25	FY26e	FY27e
Net sales	5,806	7,366	8,030	11,714	12,082	14,227
Growth	31%	27%	9%	46%	3%	18%
EBITDA	1,871	2,210	2,466	2,770	3,719	4,823
Growth	44%	18%	12%	12%	34%	30%
PAT (adj)	1,527	1,851	1,976	1,993	2,567	3,313
Growth	35%	21%	7%	1%	29%	29%
EPS	8	10	10.3	10.3	13.3	17.2
P/E (x)	57	50	47	46	36	28
ROE (%)	11	14	13	13	15	16
ROCE (%)	13	15	14	14	17	20

Source: Company, Dalal & Broacha Research

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Outlook

- Music Licensing & Artist Management revenue guidance re-iterated to grow at a CAGR of 22-23% over the medium term
- Content cost acquisition for FY26: ~3.5Bn to 3.8Bn
- Adjusted EBITDA margins of 32-33%
- Video & Pocket Aces to turn profitable by end-FY26
- Events to turn profitable as revenues scale; major costs already incurred

Valuations and Outlook:

Q1FY26 is not indicative of the full-year trajectory, as temporary headwinds—including subdued ad spends due to geopolitical tensions in India, delayed film releases, and base quarter having strong releases—impacted performance. **H2FY26 is expected to be significantly stronger**, supported by a robust content pipeline, integration of the newly acquired music label, and profitability in the video and events segments.

We believe the growth potential ahead is immense, and Saregama is taking the right steps to secure its future. The near-term pressure on profitability should be overlooked in favour of the long-term vision.

At CMP of Rs 480, the company is trading at 36x/28x FY26E/27E.

We MAINTAIN our BUY RATING on the stock with a target price of Rs 687, upside of 43%.

Concall KTA's

A. Music Licensing

- Full impact of Wynk app closure witnessed this quarter impacting the revenues
- Youtube revenue impacted due to lower ad spends on account of geo-political tensions between India and Pakistan.
- Certain movie releases have been delayed impacting the content release.
- Acquired NAV records (Haryanvi music label) in July'25 having 24Mn subscribers on Youtube. Cements Saregama's position as No1 player in that language.
- Company released 1000+ Film & Non-Film tracks in Hindi, Bhojpuri, Odia, Chhattisgarhi, Gujarati, Punjabi, Tamil, Telugu, Malayalam, Kannada, Marathi Bengali and other languages
- Paid subscription has started to rise however full impact to be seen in next 4-6 quarters.
- Expectation is that the short format video platforms will be monetized in the medium term creating a new revenue stream for the company.

B. Music Retail

- Mid-single digit margins to be achieved in FY26
- ~75% manpower reduced in this vertical aiding reduction in losses

C. Artist Management

- During the quarter 25+ Influencers/Artist added taking the total Influencers/Artist managed by the Company to 230 (92% growth from FY24)

D. Video

- 25-30% CAGR over the next 5 years
- The vertical to turn profitable by end of FY26

E. Events

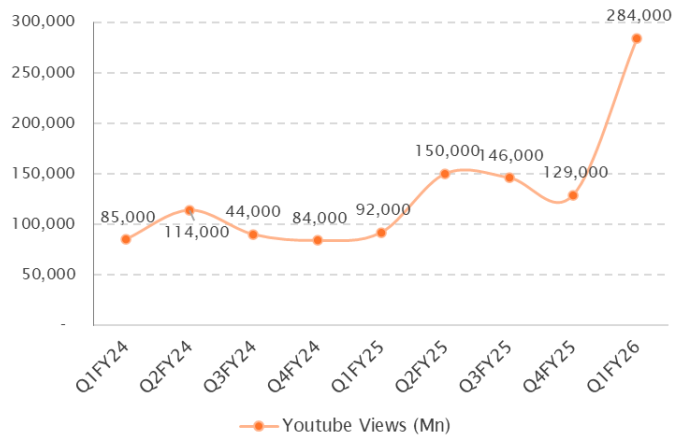
- Saregama Live successfully launched the "CAP-MANIA" Tour 2025 with Himesh Reshammiya in Mumbai (Jio World Garden, BKC) followed by two housefull shows in Delhi (Indira Gandhi Arena) in July. Following a successful run of 'That's So Viraj' shows featuring Viraj Ghelani across Mumbai, Gujarat, and the UK in FY25, the show wrapped up four additional performances in Mumbai and Gujarat during Q1 FY26.

F. Pocket Aces

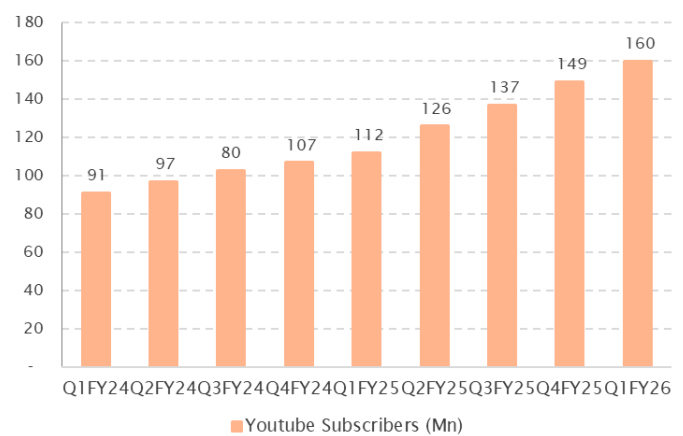
- Confident of achieving profitability in FY26

Focus Charts

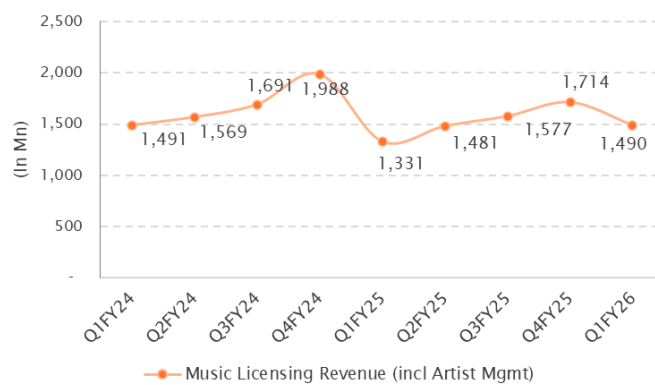
Youtube Views on a strong trajectory



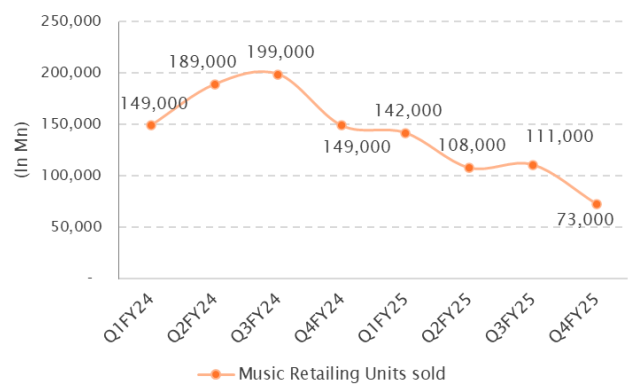
Strong Youtube subscription continues



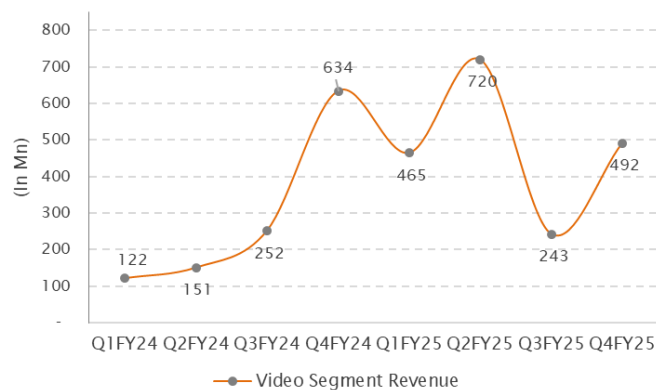
Music Licensing Revenue incl Artist Mgmt



Music Retailing Units sold on a declining trend



Video segment revenue seeing strong growth



Source: Company, Dalal & Broacha Research

Quarterly Snapshot

(Rs Mn)	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Revenue from operations	2,068	2,053	0.7%	2,408	-14.1%
Other income	142	122	16.8%	177	-19.4%
Total Income	2,210	2,175		2,585	
COGS	748	680	10.0%	762	-1.9%
Employee Benefit expenses	251	263	-4.4%	241	4.2%
Other Expenses	217	202	7.5%	226	-4.2%
Advertisement Expenses	147	243	-39.5%	198	-25.8%
Royalty expenses	152	151	0.7%	178	-14.4%
EBITDA (excl other income)	553	515	7.4%	803	-31.2%
Less : Depreciation	175	127	37.4%	166	5.4%
PBIT	378	387	-2.4%	637	
Less: Interest cost	10	2	366.7%	47	-79.2%
PBT (before exceptional)	511	507	0.7%	767	-33.4%
Exceptional	-	-		50	
PBT (after exceptional)	511	507	0.7%	816	-37.5%
Less : Tax	145	136		218	
PAT	365	371	-1.6%	599	-39.0%
EPS	1.9	1.9	-1.6%	3.1	-39.1%
Margins (%)			(in bps)		(in bps)
Gross Margins	63.8%	66.9%	(305)	68.4%	(452)
EBITDA (excl OI) Margins	26.7%	25.1%	167	33.4%	(661)
Adjusted EBITDA margins incl Live events	32.0%	33.0%	(100)	42.0%	(1,000)
Adjusted EBITDA margins excl Live events	34.0%	33.0%	100	42.0%	(800)
Net profit Margin	16.5%	17.1%	(54)	23.2%	(664)
Revenue segment wise					
Music (includes Retail)	1,433	1,419		1,681	
Artist management	227	158		188	
Video	357	465		492	
Events	51	10		48	
Segmental EBIT MARGINS					
Music	52.1%	40.6%		54.4%	
Artist management	6.9%	0.8%		6.4%	
Video	-18.2%	-5.1%		-0.7%	
Events	-55.1%	6.0%		35.0%	

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	12,082	14,227
Total Operating Expenses	1,431	2,250	2,320	5,431	4,313	4,937
Employee Cost	735	750	932	1,075	1,120	1,252
Other Expenses	1,770	2,156	2,313	2,438	2,930	3,216
Operating Profit	1,871	2,210	2,466	2,770	3,719	4,823
Depreciation	131	208	362	582	658	740
PBIT	1,740	2,002	2,104	2,188	3,060	4,083
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	3,516	4,539
PBT (post exceptional)	2,044	2,481	2,708	2,711	3,516	4,539
Provision for tax	518	630	732	718	949	1,225
Reported PAT	1,527	1,851	1,976	1,993	2,567	3,313
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	17,471	20,013
Net worth	13,809	13,455	14,726	15,868	17,663	20,205
Non Current Liabilites	611	507	2,644	900	597	603
Current Liabilites	2,459	3,080	2,969	4,184	4,418	4,809
TOTAL LIABILITIES	16,879	17,041	20,338	20,952	22,678	25,618
Non Current Assets	4,559	4,521	8,117	8,925	9,752	10,715
Tangible + Intangible Assets	2,795	3,418	7,478	8,346	9,155	10,031
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	12,926	14,903
Current investments	5,308	2,388	1,177	1,112	778	545
Inventories	1,054	1,643	2,393	2,402	3,082	3,426
Trade Receivables	1,078	1,480	1,587	1,432	2,383	2,806
Cash and Bank Balances	3,237	5,083	5,421	5,437	4,904	6,231
Short Term Loans and Advance	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	22,678	25,618

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	3,516	4,539
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	4,207	5,311
Working capital adjustment	(485)	(932)	(627)	488	(1,516)	(520)
Gross cash generated from operations	1,736	1,814	2,475	3,838	2,690	4,791
Direct taxes paid	572	669	514	806	949	1,225
Others	220	211	1,029	(280)	(28)	(52)
Cash generated from operations	944	934	932	3,312	1,768	3,617
Cash flow from investing activities						
Capex	(727)	(1,031)	(923)	(1,450)	(1,468)	(1,616)
Paid for purchase of Pocket Aces	-	-	(1,662)	-	(309)	-
Investment	(5,713)	(589)	2,183	65	334	234
Others	137	139	568	188	(117)	(121)
Cash generated from investment activities	(6,303)	(1,481)	166	(1,197)	(1,560)	(1,504)
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)	(27)	-	-
Interest paid	(11)	(7)	(30)	(57)	(32)	(32)
Dividend paid	(578)	(578)	(771)	(772)	(772)	(772)
Others	33	(161)	(22)	1,781	(309)	-
Cash generated from financing activities	6,772	(752)	(849)	924	(804)	(804)
Net cash increase/ (decrease)	1,415	(1,361)	402	3,039	(596)	1,309
Ratios	FY22	FY23	FY24	FY25	FY26E	FY27E
OPM	32.2%	30.0%	30.7%	23.6%	30.8%	33.9%
NPM	24.8%	23.4%	22.8%	16.2%	20.4%	22.5%
Tax Rate	25.3%	25.4%	27.0%	26.5%	27.0%	27.0%
Growth Ratios (%)						
Net Sales	31.4%	26.9%	9.0%	45.9%	3.1%	17.8%
Operating Profit	43.8%	18.1%	11.6%	12.3%	34.3%	29.7%
PBIT	39.8%	15.0%	5.1%	4.0%	39.9%	33.4%
PAT	34.5%	21.2%	6.8%	0.9%	28.8%	29.1%
Per Share (Rs.)						
Net Earnings (EPS)	8.4	9.6	10.3	10.3	13.3	17.2
Dividend	3.0	3.0	4.0	4.0	4.0	4.0
Book Value	71.6	69.8	76.4	82.3	91.6	104.8
Free Cash Flow	1.1	-0.5	0.0	9.7	1.6	10.4
Valuation Ratios						
P/E(x)	57.0	49.8	46.7	46.4	36.1	27.9
P/B(x)	6.7	6.9	6.3	5.8	5.2	4.6
EV/EBIDTA(x)	48.7	40.4	35.5	31.5	23.4	18.2
Div. Yield(%)	0.6	0.6	0.8	0.8	0.8	0.8
FCFF Yield(%)	0.2	-0.1	0.0	2.0	0.3	2.2
Return Ratios (%)						
ROE	11.1%	13.8%	13.4%	12.6%	14.6%	16.4%
ROCE	12.6%	14.9%	14.3%	13.8%	17.4%	20.2%
ROIC	12.3%	17.9%	16.5%	15.5%	17.6%	21.4%

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