



### Focus is to be an integrated content powerhouse

Saregama India posted a mix set of results with Revenue/EBITDA/PAT - 7%/15%/17% vs our estimates. Reported revenue looks subdued mainly on account of de-growth in pure music licensing of ~3% (before adjusting any impact of write back of ~220Mn in base quarter), 45% de-growth in music retail (in line with mgmt guidance), ~23% de-growth in video segment. The only positive is the Music EBIT margin at 54.4% which is a 20quarter high.

### Key business highlights

- Core music licensing business grew 13% YoY and 9% QoQ after adjusting the impact of write back in the base quarter.
- Music retailing (Carvaan) saw a de-growth of 45% YoY and 32% QoQ (management had guided for a reduced revenue contribution)
- Video Segment de-grew 22.5% YoY and +102% QoQ
- Content cost (incl Marketing) of ~3.16 Bn spent in FY25, ~800Mn in Q4FY25
- Youtube views grew 54% YoY and -12% QoQ
- Youtube subscribers grew 39% YoY and 9% QoQ Released 700+ Film & Non-Film tracks in Hindi, Bhojpuri, Gujarati, Punjabi, Tamil, Telugu, Malayalam, Marathi Bengali and other languages.
- Acquired 22 music labels across 7 languages with 2800+ songs during FY25
- During the quarter 30+ 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 350 Mn followers and subscribers across YouTube, Instagram and Facebook.

### Key Financial Highlights

- Revenue at INR 2,408Mn, -50.2% qoq/-8.5% yoy
- EBITDA (excl OI) at INR 803Mn, -4.8% qoq/+14.7% yoy
- EBITDA margin at 33.4% vs 26.6% vs 17.5% in Q4FY24/Q3FY25
- Adjusted EBITDA margin at 49.6% vs 32.8% vs 21% in Q4FY24/Q3FY25
- Content charge at 344Mn grew 38% YoY & 8% QoQ
- PAT at INR 599Mn, -4% qoq/+11% yoy
- EPS at INR 3.1 vs 2.8/3.2 in Q4FY24/Q3FY25

### Outlook

- Consolidated revenue excluding Carvaan to grow at a CAGR of 25-26% over the next 3 years
- Music Licensing & Artist Management revenue combined to double in 3/3.5 years
- Annual adjusted EBITDA margins of 32-33%

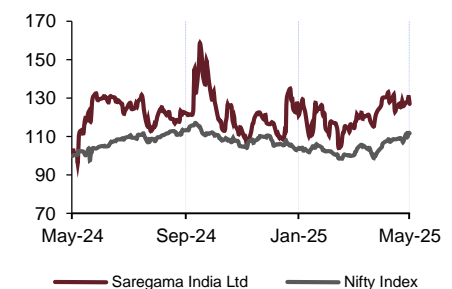
Rating	TP (Rs)	Up/Dn (%)
<b>BUY</b>	<b>692</b>	<b>28</b>

#### Market data

<b>Current price</b>	<b>Rs</b>	<b>541</b>
Market Cap (Rs.Bn)	(Rs Bn)	104
Market Cap (US\$ Mn)	(US\$ Mn)	1,217
Face Value	Rs	1
52 Weeks High/Low	Rs	688.9 / 402.95
Average Daily Volume	('000)	825
BSE Code		532163
Bloomberg		SARE.IN

Source: Bloomberg

### One Year Performance



Source: Bloomberg

% Shareholding	Mar-25	Dec-24
Promoters	60	59
Public	40	40
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Bloomberg

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- Pace of profitability will increase from Q3 onwards
- ~5.2Bn content secured out of ~10Bn
- PBT to double in 3-4 years

### Triggers going forward

- Conversion of users on streaming platforms from free to a paid model in the next 3-4 quarters
- Monetisation of short video platforms (YT shorts, reels) which is currently undermonetised as the business models shifts to a more advertisement driven

### Valuations and Outlook:

As Saregama India ramps up its investment in new content from FY25 (with a ~65% YoY increase), the amortization of content costs will rise significantly compared to FY24, which resulted in flat PBT for the current year. However, from FY26 onwards, as the base effect stabilizes, PBT growth is expected to outpace revenue growth, with margins improving due to operating leverage. The management has guided for doubling the PBT in next 3/3.5 years. The company remains confident of achieving at least 32-33% Adjusted EBITDA margins excluding one-offs related to live events. 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 541, the company is trading at 39x/31x FY26E/27E 13.8/17.3.

**We MAINTAIN our BUY RATING on the stock with a target price of Rs 692, upside of 28%.**

### 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	12,082	14,227
<b>Growth</b>	<b>31%</b>	<b>27%</b>	<b>9%</b>	<b>46%</b>	<b>3%</b>	<b>18%</b>
EBITDA	1,871	2,210	2,466	2,770	3,840	4,823
<b>Growth</b>	<b>44%</b>	<b>18%</b>	<b>12%</b>	<b>12%</b>	<b>39%</b>	<b>26%</b>
PAT (adj)	1,527	1,851	1,976	1,993	2,666	3,337
<b>Growth</b>	<b>35%</b>	<b>21%</b>	<b>7%</b>	<b>1%</b>	<b>34%</b>	<b>25%</b>
EPS	8	10	10.3	10.3	13.8	17.3
P/E (x)	64	56	53	52	39	31
ROE (%)	11	14	13	13	15	16
ROCE (%)	13	15	14	14	18	20

Source: Company, Dalal & Broacha Research

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## Concall KTA's

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### A. Music Licensing

- Full impact of Wynk app closure witnessed this quarter impacting the revenues
- **Youtube revenue growth compensated for the drop in revenues from OTT platforms**
- **Revenue from paid subscription for Saregama increased in High Double Digit**
- 10 songs witnessed 100Mn+views in FY25, with Stree2 album witnessing 3.1Bn views
- Acquired 22 labels comprising of ~2800songs for ~170Mn
- Lineup is already ready for the next 12 months

### 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 30+ 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
- Saregama TV Shows- YouTube channel garnered 700 Mn views in Q4 FY25
- Medium term EBITDA margins to be in single digit

### E. Events

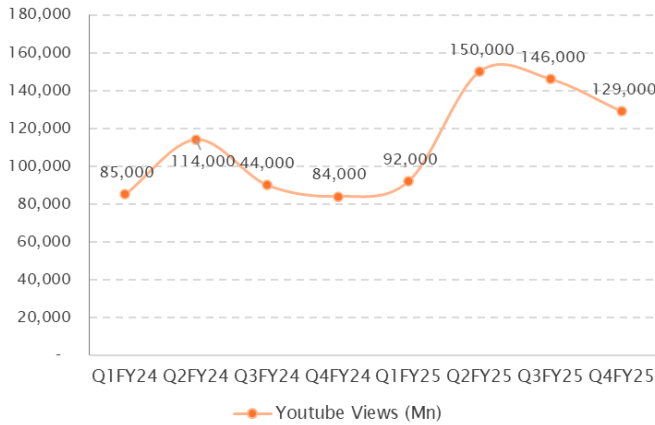
- Pipeline building and open to bring in international artists

### F. Pocket Aces

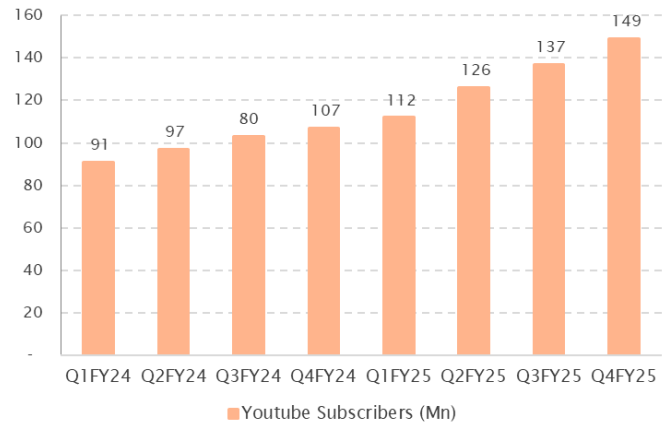
- 18% revenue growth achieved in FY25
- EBITDA breakeven yet to be achieved, expectation is mid of FY26
- Remaining stake to be acquired in next 12-15months

Focus Charts

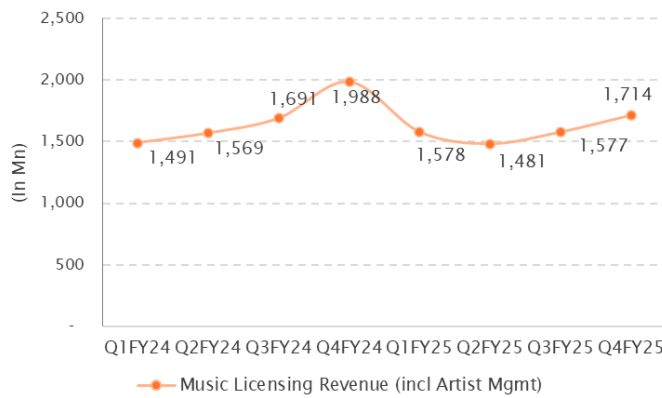
Youtube Views on a strong trajectory



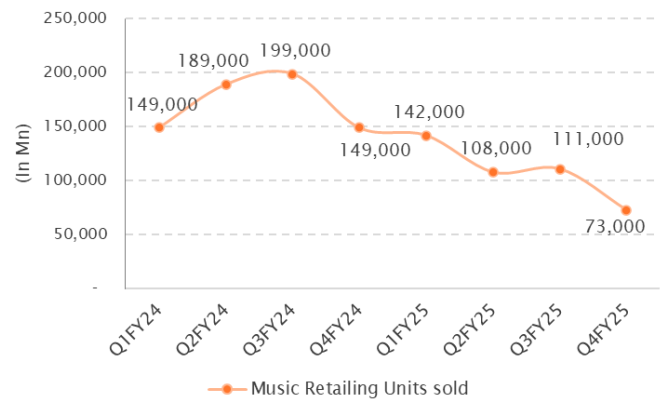
Strong Youtube subscription continues



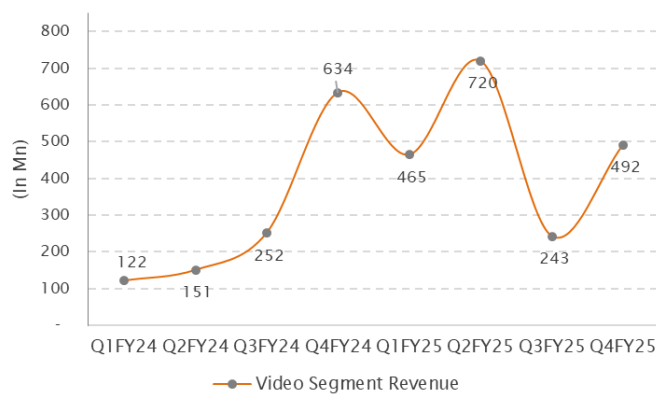
Music Licensing Revenue incl Artist Mgmt



Music Retailing Units sold on a declining trend



Video segment revenue seeing strong growth



Source: Company, Dalal & Broacha Research

## Quarterly Snapshot

(Rs Mn)	Q4FY25	Q4FY24	YoY Growth (%)	Q3FY25	QoQ Growth (%)
Revenue from operations	2,408	2,631	-8.5%	4,834	-50.2%
Other income	177	180	-1.8%	157	12.3%
<b>Total Income</b>	<b>2,585</b>	<b>2,810</b>		<b>4,991</b>	
COGS	762	947	-19.5%	3,118	-75.6%
Employee Benefit expenses	241	278	-13.2%	267	-9.6%
Other Expenses	226	280	-19.0%	209	8.5%
Advertisement Expenses	198	267	-25.9%	211	-6.2%
Royalty expenses	178	160	11.5%	186	-4.4%
<b>EBITDA (excl other income)</b>	<b>803</b>	<b>700</b>	<b>14.7%</b>	<b>844</b>	<b>-4.8%</b>
Less : Depreciation	166	116	43.1%	152	8.9%
PBIT	637	584	9.1%	691	
Less: Interest cost	47	4	1173.0%	4	1107.7%
<b>PBT (before exceptional)</b>	<b>767</b>	<b>760</b>	<b>0.8%</b>	<b>845</b>	<b>-9.2%</b>
Exceptional	50	-		-	
PBT (after exceptional)	816	760	7.4%	845	-3.4%
Less : Tax	218	221		221	
<b>PAT</b>	<b>599</b>	<b>539</b>	<b>11.1%</b>	<b>623</b>	<b>-4.0%</b>
<b>EPS</b>	<b>3.1</b>	<b>2.8</b>	<b>11.1%</b>	<b>3.2</b>	<b>-4.0%</b>
<b>Margins (%)</b>			<b>(in bps)</b>		<b>(in bps)</b>
Gross Margins	68.4%	64.0%	435	35.5%	3,287
EBITDA (excl OI) Margins	33.4%	26.6%	673	17.5%	1,590
Adjusted EBITDA margins incl Live events	49.6%	32.8%	1,677	21.0%	2,861
Adjusted EBITDA margins excl Live events	41.4%	33.2%	826	40.0%	145
Net profit Margin	23.2%	19.2%	398	12.5%	1,067
<b>Revenue segment wise</b>					
Music (includes Retail)	1,681	1,854	-9.4%	1,620	3.7%
Artist management	188	133	41.5%	182	3.5%
Video	492	634	-22.5%	243	102.1%
Events	48	9	430.0%	2,789	-98.3%
<b>Segmental EBIT MARGINS</b>					
Music	54.4%	47.4%		48.6%	
Artist management	6.4%	2.9%		2.7%	
Video	-0.7%	-9.1%		-36.8%	
Events	35.0%	-100.0%		7.9%	

\* Consolidated P/L

Source: Company, Dalal &amp; 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	4,192	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
<b>Operating Profit</b>	<b>1,871</b>	<b>2,210</b>	<b>2,466</b>	<b>2,770</b>	<b>3,840</b>	<b>4,823</b>
Depreciation	131	208	362	582	643	707
PBIT	1,740	2,002	2,104	2,188	3,197	4,115
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	3,653	4,571
PBT (post exceptional)	2,044	2,481	2,708	2,711	3,653	4,571
Provision for tax	518	630	732	718	986	1,234
Reported PAT	1,527	1,851	1,976	1,993	2,666	3,337
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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	17,570	20,136
<b>Net worth</b>	<b>13,809</b>	<b>13,455</b>	<b>14,726</b>	<b>15,868</b>	<b>17,763</b>	<b>20,329</b>
<b>Non Current Liabilities</b>	611	507	2,644	900	597	603
<b>Current Liabilities</b>	2,459	3,080	2,969	4,184	4,418	4,809
<b>TOTAL LIABILITIES</b>	<b>16,879</b>	<b>17,041</b>	<b>20,338</b>	<b>20,952</b>	<b>22,777</b>	<b>25,741</b>
<b>Non Current Assets</b>	<b>4,559</b>	<b>4,521</b>	<b>8,117</b>	<b>8,925</b>	<b>9,752</b>	<b>10,715</b>
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
<b>Current Assets</b>	<b>12,320</b>	<b>12,520</b>	<b>12,221</b>	<b>12,027</b>	<b>13,025</b>	<b>15,026</b>
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	5,003	6,355
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
<b>TOTAL ASSETS</b>	<b>16,879</b>	<b>17,041</b>	<b>20,338</b>	<b>20,952</b>	<b>22,777</b>	<b>25,741</b>

## FINANCIALS

Cash flow statement ( Rs in mn )	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Cash flow from operating activities</b>						
Profit before tax	2,044	2,481	2,708	2,711	3,653	4,571
Depreciation & Amortization	131	208	362	582	643	707
Interest expenses	45	57	32	57	32	32
<b>Operating profit before working capital change</b>	<b>2,220</b>	<b>2,746</b>	<b>3,102</b>	<b>3,351</b>	<b>4,328</b>	<b>5,311</b>
Working capital adjustment	(485)	(932)	(627)	488	(1,516)	(520)
<b>Gross cash generated from operations</b>	<b>1,736</b>	<b>1,814</b>	<b>2,475</b>	<b>3,838</b>	<b>2,811</b>	<b>4,791</b>
Direct taxes paid	572	669	514	806	986	1,234
Others	220	211	1,029	(280)	(28)	(52)
<b>Cash generated from operations</b>	<b>944</b>	<b>934</b>	<b>932</b>	<b>3,312</b>	<b>1,852</b>	<b>3,608</b>
<b>Cash flow from investing activities</b>						
Capex	(727)	(1,031)	(923)	(1,450)	(1,452)	(1,584)
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)
<b>Cash generated from investment activities</b>	<b>(6,303)</b>	<b>(1,481)</b>	<b>166</b>	<b>(1,197)</b>	<b>(1,545)</b>	<b>(1,471)</b>
<b>Cash flow from financing activities</b>						
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)	-
<b>Cash generated from financing activities</b>	<b>6,772</b>	<b>(752)</b>	<b>(849)</b>	<b>924</b>	<b>(804)</b>	<b>(804)</b>
<b>Net cash increase/ (decrease)</b>	<b>1,415</b>	<b>(1,361)</b>	<b>402</b>	<b>3,039</b>	<b>(496)</b>	<b>1,333</b>
<b>Ratios</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>
OPM	32.2%	30.0%	30.7%	23.6%	31.8%	33.9%
NPM	24.8%	23.4%	22.8%	16.2%	21.2%	22.7%
Tax Rate	25.3%	25.4%	27.0%	26.5%	27.0%	27.0%
<b>Growth Ratios (%)</b>						
Net Sales	31.4%	26.9%	9.0%	45.9%	3.1%	17.8%
Operating Profit	43.8%	18.1%	11.6%	12.3%	38.6%	25.6%
PBIT	39.8%	15.0%	5.1%	4.0%	46.1%	28.7%
PAT	34.5%	21.2%	6.8%	0.9%	33.8%	25.1%
<b>Per Share (Rs.)</b>						
Net Earnings (EPS)	8.4	9.6	10.3	10.3	13.8	17.3
Dividend	3.0	3.0	4.0	4.0	4.0	4.0
Book Value	71.6	69.8	76.4	82.3	92.1	105.4
Free Cash Flow	1.1	-0.5	0.0	9.7	2.1	10.5
<b>Valuation Ratios</b>						
P/E(x)	64.3	56.2	52.7	52.3	39.1	31.3
P/B(x)	7.6	7.8	7.1	6.6	5.9	5.1
EV/EBIDTA(x)	55.0	45.7	40.2	35.7	25.8	20.6
Div. Yield(%)	0.6	0.6	0.7	0.7	0.7	0.7
FCFF Yield(%)	0.2	-0.1	0.0	1.8	0.4	1.9
<b>Return Ratios (%)</b>						
ROE	11.1%	13.8%	13.4%	12.6%	15.0%	16.4%
ROCE	12.6%	14.9%	14.3%	13.8%	18.0%	20.3%
ROIC	12.3%	17.9%	16.5%	15.5%	18.3%	21.6%

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