



Focus is to be an integrated content powerhouse

Saregama India posted results largely in line with our estimates. The 136% revenue growth was driven by the live events vertical however the music vertical including artist management grew 20% YoY. Company reported adjusted EBITDA margin of 21% on account of significant increase in live events revenue. Excluding the live events the adjusted EBITDA margins is at 40%.

Key business highlights

- Core music licensing business grew 12% YoY and 6% QoQ.
- Music retailing (Carvaan) saw a de-growth of 39% YoY and 6% growth on QoQ (management had guided for a reduced revenue contribution)
- Video Segment de-grew 3.5% YoY and -66% QoQ
- Content cost (incl Marketing) of ~235crs spent in 9MFY25 with plan to spend more than ~300crs in FY25
- Pipeline for next 12 months is already ready
- Released 1250 plus Originals and Premium Recreations across languages
- During the quarter 20+ Influencers/Artist added taking the total Influencers/Artist managed by the Company to 200 (60% Growth from March'24)
- Youtube views grew 62% YoY and -3% QoQ
- Youtube subscribers grew 33% YoY and 9% QoQ

Key Financial Highlights

- Revenue at INR 4834Mn, +100% qoq/+137% yoy
- EBITDA (excl OI) at INR 844Mn, +39% qoq/+28% yoy
- EBITDA margin at 17.45% vs 32.13% vs 25.16% in Q3FY24/Q2FY25
- Adjusted EBITDA margin at 21% vs 40% vs 35% in Q3FY24/Q2FY25
- Content charge at 350Mn grew 29% YoY & 9% QoQ
- PAT at INR 623Mn, +39% qoq/+19% yoy
- EPS at INR 3.24 vs 2.33/2.72 in Q3FY24/Q2FY25

Financial Summary

Year End (Rs mn)	FY21	FY22	FY23	FY24	FY25e	FY26e	FY27e
Net sales	4,420	5,806	7,366	8,030	11,893	12,422	15,051
EBITDA	1,301	1,871	2,210	2,466	2,665	3,706	4,786
PAT (adj)	1,135	1,527	1,851	1,976	1,955	2,559	3,313
EPS	6	8	10	10.3	10.1	13.3	17.2
P/E (x)	77	62	55	51	52	40	31
ROE (%)	22	11	14	13	12	14	16
ROCE (%)	25	13	15	14	13	17	20

Source: Company, Dalal & Broacha Research

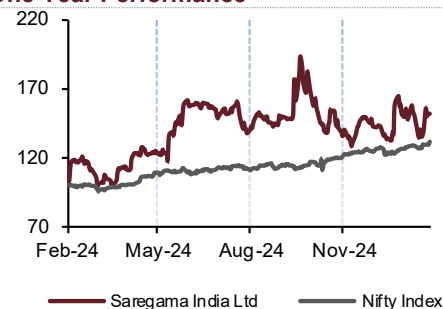
Rating	TP (Rs)	Up/Dn (%)
BUY	687	31

Market data

Current price	Rs	525
Market Cap (Rs.Bn)	(Rs Bn)	104
Market Cap (US\$ Mn)	(US\$ Mn)	1,185
Face Value	Rs	1
52 Weeks High/Low	Rs	688.9 / 338.95
Average Daily Volume	('000)	526
BSE Code		532163
Bloomberg		SARE.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Dec-24	Sep-24
Promoters	59.50	59.38
Public	40.26	40.38
Total	100	100

Source: Bloomberg

Harssh K Shah
+91 22 67141496

harsh.shah@dalal-broacha.com

Outlook

- Consolidated revenue excluding Carvaan to grow at a CAGR of 25-26% over the next 3 years
- Adjusted EBITDA margins of 32-33% excluding any big rise in live events revenue.
- Next 4 quarters to see revenue growth higher than PBT growth due to increased investments in content starting from FY25 (~1000crs to be invested over the next 3 years)
- 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:

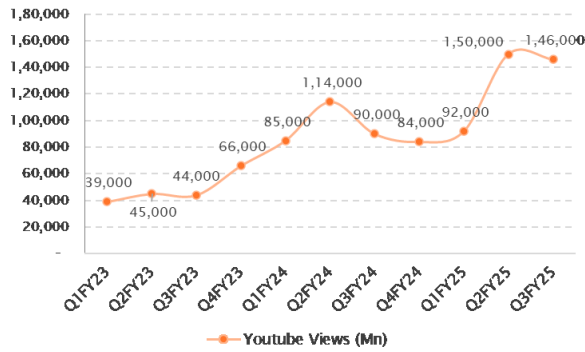
As Saregama India ramps up its investment in new content from FY25 (with a ~65% YoY increase), the amortization of content costs will rise significantly compared to FY24, likely resulting in flat or reduced PBT for the current year. However, from FY26 onwards, as the base effect stabilizes, PBT growth 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 525, the company is trading at 52x/40x/31x FY25E/26E/27E of 10.1/13.3/17.2.

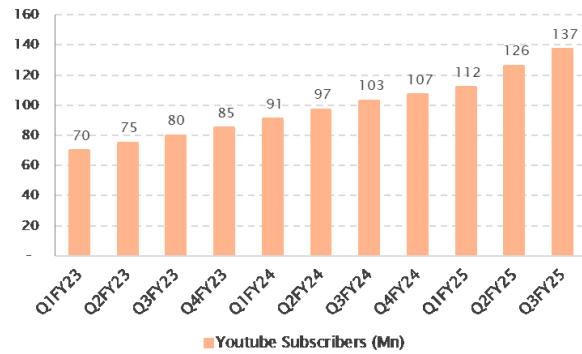
We MAINTAIN our BUY RATING on the stock with a target price of Rs 687, upside of 31%.

Focus Charts

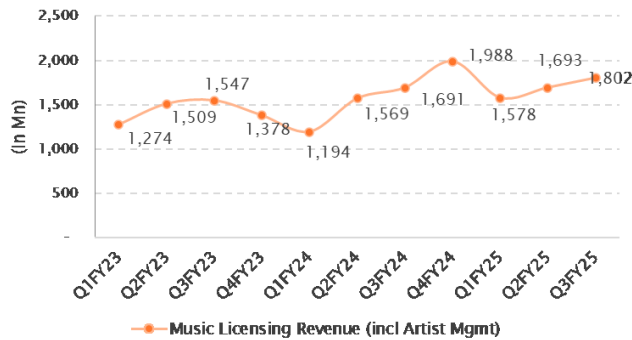
Youtube Views



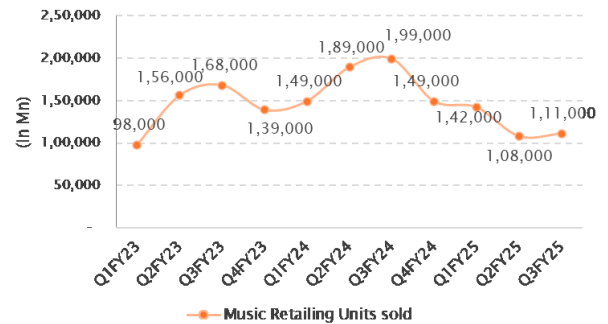
Youtube Subscribers



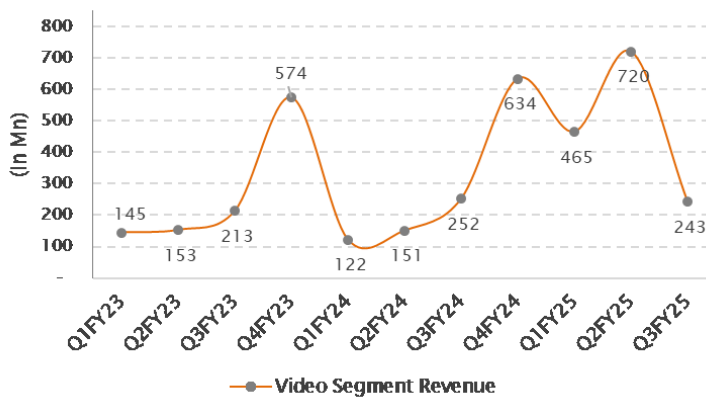
Music Licesning + Artist Management revenue Video segment revenue + Retail



Music Retailing Units sold



Video segment



Source: Company, Dalal & Broacha Research

Quarterly Snapshot

Saregama India					
Particulars (Rs Mns)	Q3FY25	Q3FY24	YoY Growth	Q2FY25	QoQ Growth
Revenue from operations	4,834	2,043	136.7%	2,418	99.9%
Other income	157	150	5.0%	125	25.4%
Total Income	4,991	2,192		2,544	
COGS	3,118	624	399.6%	871	257.9%
Employee Benefit expenses	267	238	12.3%	304	-12.2%
Other Expenses	209	212	-1.7%	214	-2.4%
Advertisement Expenses	211	171	23.4%	253	-16.8%
Royalty expenses	186	142	31.3%	168	11.0%
EBITDA (excl other income)	844	656	28.6%	608	38.7%
Less : Depreciation	152	93	64.0%	136	11.7%
PBIT	691	563	22.7%	472	
Less: Interest cost	4	12	-67.8%	4	-9.3%
PBT (before exceptional)	845	701	20.5%	593	42.4%
Exceptional	-	-		-	
PBT (after exceptional)	845	701	20.5%	593	42.4%
Less : Tax	221	177		144	
PAT	623	524	19.1%	450	38.7%
EPS	3.24	2.72	19.1%	2.33	39.1%
Gross Margins	35.49%	69.44%		63.97%	
EBITDA (excl OI) Margins	17.45%	32.13%		25.16%	
Adjusted EBITDA margins as per PPT incl Live events	21.00%	40.00%		35.00%	
Adjusted EBITDA margins as per PPT excl Live events	40.00%	43.00%		35.00%	
Net profit Margin	12.49%	23.88%		17.67%	
Revenue segment wise					
Music (includes Retail)	1,620	1,616	0.3%	1,528	6.0%
Artist management	182	75	144.3%	165	10.5%
Video	243	252	-3.5%	720	-66.2%
Events	2,789	100	2677.8%	6	48828.1%
EBIT MARGINS					
Music	48.6%	44.2%		42.2%	
Artist management	2.7%	2.7%		5.5%	
Video	-36.8%	8.7%		10.7%	
Events	7.9%	-6.1%		-150.9%	

* Consolidated P/L

Source: Company, Dalal & Broacha Research

FINANCIALS

P&L (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	5,806	7,366	8,030	11,893	12,422	15,051
Total Operating Expenses	1,431	2,250	2,320	5,575	4,310	5,223
Employee Cost	735	750	932	1,114	1,366	1,656
Other Expenses	1,770	2,156	2,313	2,540	3,039	3,386
Operating Profit	1,871	2,210	2,466	2,665	3,706	4,786
Depreciation	131	208	362	586	656	704
PBIT	1,740	2,002	2,104	2,079	3,050	4,082
Other income	349	536	637	561	488	488
Interest	45	57	32	14	32	32
PBT (Before exceptional)	2,044	2,481	2,708	2,626	3,506	4,538
PBT (post exceptional)	2,044	2,481	2,708	2,626	3,506	4,538
Provision for tax	518	630	732	671	947	1,225
Reported PAT	1,527	1,851	1,976	1,955	2,559	3,313
<hr/>						
Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	193	193	193	193	193	193
Reserves	13,617	13,262	14,533	15,717	17,505	20,046
Net worth	13,809	13,455	14,726	15,910	17,698	20,239
Non Current Liabilites	611	507	2,644	2,649	566	573
Current Liabilites	2,459	3,080	2,969	3,506	3,705	4,167
TOTAL LIABILITIES	16,879	17,041	20,338	22,065	21,968	24,979
Non Current Assets	4,559	4,521	8,117	8,861	9,794	10,763
Tangible + Intangible Assets	2,795	3,418	7,478	8,303	9,155	10,031
Non Current Investments	1,453	-	-	-	-	-
Deferred Tax Asset	-	-	-	-	-	-
Other Financial Assets	20	530	172	21	21	21
Other Non Current Assets	292	574	468	538	618	711
Current Assets	12,320	12,520	12,221	13,204	12,174	14,216
Current investments	5,308	2,388	1,177	824	577	404
Inventories	1,054	1,643	2,393	2,805	3,082	3,426
Trade Receivables	1,078	1,480	1,587	2,346	2,450	2,969
Cash and Bank Balances	3,237	5,083	5,421	5,475	4,188	5,406
Short Term Loans and Advance	228	262	221	221	221	221
Other Current Assets	1,414	1,666	1,422	1,533	1,656	1,791
TOTAL ASSETS	16,879	17,041	20,338	22,065	21,968	24,979

FINANCIALS

Cash flow statement (Rs in mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Cash flow from operating activities						
Profit before tax	2,044	2,481	2,708	2,626	3,506	4,538
Depreciation & Amortization	131	208	362	586	656	704
Interest expenses	45	57	32	14	32	32
Operating profit before working capital change	2,220	2,746	3,102	3,226	4,194	5,274
Working capital adjustment	(485)	(932)	(627)	(736)	(321)	(560)
Gross cash generated from operations	1,736	1,814	2,475	2,491	3,873	4,714
Direct taxes paid	572	669	514	671	947	1,225
Others	220	211	1,029	93	(59)	(61)
Cash generated from operations	944	934	932	1,726	2,986	3,550
Cash flow from investing activities						
Capex	(727)	(1,031)	(923)	(1,411)	(1,509)	(1,580)
Paid for purchase of Pocket Aces	-	-	(1,662)	-	(2,090)	-
Investment	(5,713)	(589)	2,183	353	247	173
Others	137	139	568	188	(117)	(121)
Cash generated from investment activities	(6,303)	(1,481)	166	(869)	(3,469)	(1,528)
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)	(17)	-	-
Interest paid	(11)	(7)	(30)	(14)	(32)	(32)
Dividend paid	(578)	(578)	(771)	(772)	(772)	(772)
Others	33	(161)	(22)	-	(2,090)	-
Cash generated from financing activities	6,772	(752)	(849)	(803)	(804)	(804)
Ratios	FY22	FY23	FY24	FY25E	FY26E	FY27E
OPM	32.2%	30.0%	30.7%	22.4%	29.8%	31.8%
NPM	24.8%	23.4%	22.8%	15.7%	19.8%	21.3%
Tax Rate	25.3%	25.4%	27.0%	25.6%	27.0%	27.0%
Growth Ratios (%)						
Net Sales	31.4%	26.9%	9.0%	48.1%	4.4%	21.2%
Operating Profit	43.8%	18.1%	11.6%	8.1%	39.1%	29.1%
PBIT	39.8%	15.0%	5.1%	-1.2%	46.7%	33.8%
PAT	34.5%	21.2%	6.8%	-1.0%	30.9%	29.4%
Per Share (Rs.)						
Net Earnings (EPS)	8.4	9.6	10.3	10.1	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	82.5	91.8	105.0
Free Cash Flow	1.1	-0.5	0.0	1.6	7.7	10.2
Valuation Ratios						
P/E(x)	62.4	54.5	51.1	51.8	39.6	30.6
P/B(x)	7.3	7.5	6.9	6.4	5.7	5.0
EV/EBIDTA(x)	53.3	44.3	39.0	36.0	25.8	20.3
Div. Yield(%)	0.6	0.6	0.8	0.8	0.8	0.8
FCFF Yield(%)	0.2	-0.1	0.0	0.3	1.5	1.9
Return Ratios (%)						
ROE	11.1%	13.8%	13.4%	12.3%	14.5%	16.4%
ROCE	12.6%	14.9%	14.3%	13.1%	17.3%	20.2%
ROIC	12.3%	17.9%	16.5%	14.9%	16.5%	20.1%

Source: Company, Dalal & Broacha Research

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