



STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Media, Entertainment & Publication

COMPANY DETAILS

Market cap:	Rs. 6,315 cr
52-week high/low:	Rs. 603/317
NSE volume: (No of shares)	5.3 lakh
BSE code:	532163
NSE code:	SAREGAMA
Free float: (No of shares)	7.6 cr

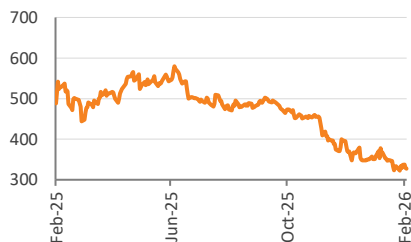
Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	60.4
FII	14.2
DII	5.0
Others	20.4

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-7.3	-23.1	-33.8	-38.1
Relative to Sensex	-5.5	-23.4	-38.5	-45.1

Source: Mirae Asset Sharekhan Research, Bloomberg

Reco/View: **BUY**

CMP: **Rs. 329**

Price Target: **Rs. 440**

Quick Snapshot

- Revenue stood at Rs. 260 crore, up 13.2% q-o-q (music-led) but down 46.1% y-o-y due to a 92% slump in events from one-off mega tours in Q3FY25.
- Gross Profit hit Rs 180 crore (up 20.1% q-o-q). Gross margin rose to 69.2% (up 400 bps q-o-q; 3,373 bps y-o-y). Company eyes a growth of 18-19% in the music segment this year (and 21-23% in the medium-term), with 32-33% adjusted EBITDA.
- Saregama plans to exit in-house films in 12-15 months; pivoting to GenAI music video production (cutting turnaround from 15 days to <3).
- On account of slower than expected growth in music, weakness in non-core segments, and aggressive investment headwinds, prompt us to trim FY26/FY27/FY28 EPS, yielding lower PT to Rs. 440 (32x FY28E EPS) and maintain a Buy rating.

Result overview

- **Q3 results:** EBITDA stood at Rs 91.7 crore, up 33.4% q-o-q (up 8.7% y-o-y), in turn driving up EBITDA margin by 534 bps q-o-q (1,778 bps y-o-y) to 35.2%. APAT stood at Rs. 58.2 crore, up 33.2% q-o-q (down 6.5% y-o-y), while margins remained resilient at 22.4% (335 bps q-o-q/948 bps y-o-y).
- **Acquisition:** Saregama acquired a significant minority stake in Bhansali Productions in Q3FY26 with a performance-linked valuation structure tied to the production house's financial results over the next three years, emphasizing future performance over historical track record. The transaction was completed on January 30, 2026. No additional equity infusion planned beyond the initial investment over the next 3 years. Final equity stake determined after three years based on average financial performance during that period.

Our Call

Saregama's irreplaceable music catalog (160,000+ songs) and a 21-23% medium-term growth guidance remain attractive, supported by the Bhansali partnership securing premium content and film production exit, releasing ~Rs. 170 crore in capital. India's subscription inflection offers significant upside optionality beyond current projections. However, 9MFY26 underperformance, music growth decelerating to 18% versus historical 23%, persistent weakness in non-core businesses and elevated content investment pressuring margins has prompted us to reduce our price target to Rs 440 (32x FY28E EPS).

Key Risks

Any further delay in release in movies and content, intensifying competition, and lumpiness in live events.

Valuation

Particulars	Rs cr			
	FY25	FY26E	FY27E	FY28E
Total Revenue	1,171.4	1,020.5	1,236.4	1,449.4
EBITDA margin (%)	23.6	28.1	29.0	31.0
Adjusted Net Profit	204.3	178.5	207.0	263.9
% YoY growth	3.4	-12.6	16.0	27.4
Adjusted EPS (Rs)	10.6	9.3	10.8	13.7
PER (x)	48.8	35.5	30.6	24.0
P/BV	6.5	3.9	3.6	3.3
EV/EBITDA	34.5	19.6	15.6	11.7
ROE %	12.9	10.5	11.3	13.2
ROCE %	13.3	11.7	13.4	16.0

Source: Company; Mirae Asset Sharekhan estimates

Concall Highlights:

- **Music:** The music segment grew 10.9% y-o-y, led by the launch of new Hindi and regional content, and the lapping of Airtel Wynk revenue losses. Airtel Wynk ceased operations in mid-November 2024, meaning Q3FY25 included Wynk-related revenues that are no longer present in the base period, creating a favorable year-over-year comparison.
- **EBITDA margin guidance stays at 32-33%:** The company has maintained its 32-33% adjusted EBITDA margin guidance for four to five years and will continue holding this target until business mix stabilizes. The company is experiencing significant portfolio shifts - winding down video/film business while scaling live events which creates quarterly volatility (Q3 margins hit 46%, while quarters with major events like Diljit Dosanjh's can drop to 29-30%). Music profitability remains stable with no structural downside risk; subscription growth should improve yields per stream over time. Management will only revise guidance upward once the emerging verticals demonstrate consistent performance, despite historically exceeding the 32-33% target and seeing no fundamental reason for margin compression.
- **Pocket Aces:** Pocket Aces is expected to achieve breakeven in FY26 after reporting losses last year, with revenue growing over 25%. Management targets a 25% CAGR going forward and emphasized that Pocket Aces' 350 million digital footprint significantly supports music marketing, helping Saregama achieve higher hit rates while keeping marketing costs under control.
- **Retail:** Carvaan revenue declined 30% y-o-y to Rs. 15.7 crore in Q3FY26 as the company continues its strategic reduction of this segment. The business is being de-emphasized in favour of profitability, with management characterizing it as peripheral to core operations contributing positive margins but lacking meaningful expansion prospects due to inherent structural constraints.
- **Other details:** The company expects content spend of Rs. 275-300 crore this year, down from initial projections (Rs 320 crore) due to several film releases shifting to the next fiscal year, notably Sanjay Leela Bhansali's Love and War and Telugu star Nani's Paradise.

Q3FY26 Result Snapshot

Particulars	Rs cr				
	Q3FY26	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
Music + Artist Management	219	180	186	21.8	18.0
Films/Television serials	19	24	22	-23.1	-14.3
Publication/Events	22	279	22	-92.0	0.0
Revenue from operations	260	483	230	-46.1	13.2
Total COGS/Operational cost	80	312	80	-74.3	0.2
Gross Profit	180	172	150	5.0	20.1
Employee benefits expense	27	27	30	2.3	-7.7
Royalty expense	18	19	19	-3.4	-5.1
Advertisement and sales promotion	23	21	12	8.9	88.0
Other expenses	20	21	21	-2.7	-1.5
EBITDA	92	84	69	8.7	33.4
Depreciation and amortisation expense	21	15	19	40.4	12.5
EBIT	70	69	50	1.8	41.4
Other income	7	16	11	-52.8	-35.3
Finance costs	1	0	1	225.6	12.4
PBT before EO	77	84	60	-9.4	27.3
EO	-7	0	0	0.0	0.0
PBT	70	84	60	-17.7	15.7
Tax expenses	18	22	16	-17.3	12.4
Non-controlling Interest	0	0	0	-166.7	-128.6
PAT	51.3	62.3	43.7	-17.7	17.2
Adjusted PAT	58.2	62.3	43.7	-6.5	33.2
EPS (Rs)	3.0	3.2	2.3	-6.5	33.2
Margin (%)					
Gross Margin	69.2	35.5	65.2	3,373	399
EBITDA Margin	35.2	17.5	29.9	1,778	534
EBIT Margin	27.0	14.3	21.6	1,272	539
PBT Margin	26.7	17.5	26.1	923	58
PAT Margin	22.4	12.9	19.0	948	335

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Composite Securities Ltd.	55.28
2	Sprott Resource Lending Corp	4.85
3	Malabar India Fund Ltd.	2.89
4	Prudential PLC	2.29
5	Vanguard Group Inc	1.42
6	Government Pension Fund Global	1.21
7	Carne Global Fund Managers Ireland Ltd.	0.83
8	Blackrock Inc.	0.71
9	Bandhan Mutual Fund	0.53
10	ICICI Prudential Life Insurance Co. Ltd.	0.51

Source: Bloomberg

Key management personnel

Name	Designation
Vikram Mehra	Managing Director
Pankaj Kedia	Executive Director, Investor Relations
Kuldeep Kothari	Assistant General Manager - Finance

Source: Company Website

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