

Saregama India Limited

August 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	101.50	CARE AA-; Stable	Reaffirmed
Short-term bank facilities	3.50	CARE A1+	Reaffirmed

Details of facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Saregama India Limited (SIL) continue to draw strength from SIL's strong brand positioning in the Indian music industry, with largest music archives in India, its diversified revenue profile through licensing revenue, TV/films content and sale of Carvaan, healthy profitability, robust capital structure, and strong debt coverage indicators. Ratings also factor in the financial flexibility derived from being part of a strong promoter group, RP-Sanjiv Goenka (RPSG).

Ratings further derive comfort from healthy profitability supported by strong business profile. While the total operating income (TOI) and PBILDT level improved, PBILDT margin moderated in FY25 owing to relatively lower margin in event segment.

Ratings factor in the ramp-up in acquiring music content or stakes in companies engaged in creation or promotion of music; funded out of significant amount of capital raised in FY22 (refers to April 01 to March 31) and internal accruals. The company planned to invest ~₹1,000 crore in FY25-FY27, of which ~₹316 crore were invested in FY25. The scale of operations is accordingly expected to grow going forward. With a healthy contribution of high margin licensing income and increasing digital penetration, profitability margin is expected to remain healthy.

Healthy generation of cash accruals with nil debt repayment obligations have led to a build-up of healthy surplus funds, which, together with internal generations going forward can be utilised by the company for new content creation in the films and TV serials division.

However, ratings remain constrained by obsolescence risk associated with the distribution formats, the threat from piracy/copyright infringement, and the high cost of quality content acquisition.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained and significant growth in scale of operations aided by strong business profile, through effective deployment of funds raised through the qualified institutional placement (QIP) issue in FY22.
- Improving return indicators with return on capital employed (ROCE) above 30% on a sustained basis.

Negative factors

- Deteriorating capital structure with overall gearing ($>0.25x$) and total debt/PBILDT ($>1x$) on a sustained basis.
- Decreasing scale of operations (total operating income [TOI] $<₹500$ crore) and/or deteriorating PBILDT margin ($<20\%$) on a sustained basis, which has an impact on its debt coverage indicators.
- Significantly deteriorating operating cycle.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has adopted a consolidated analytical approach for analysing SIL, considering significant operational and financial linkages with its subsidiaries. The list of companies consolidated with SIL as on March 31, 2025, are listed under **Annexure 6**.

Outlook: Stable

The 'Stable' outlook reflects that SIL is expected to maintain its healthy operating risk profile given its established presence in the music industry, continuous acquisition of new contents, and growing trend in the high margin licensing income. The financial risk profile is also expected to remain strong supported by healthy cash flow generation from the business and negligible reliance on debt.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Strong brand positioning with a large music archive and a diversified revenue profile

For a long time, SIL was using the brand 'His Master's Voice (HMV),' a trademark of EMI Records Limited (erstwhile The Gramophone Co. Limited), for selling its products. However, to build up its own brand value, the company started using the brand 'Saregama.'

SIL has a leadership position in a rich retro music library, and with its increasing investment in new content, the company has started gaining leadership position in new music as well with 56% of SIL's licensing revenue (52% in FY24) coming from 21st century songs.

The collection represents recordings by legendary artists including Lata Mangeshkar, Mohammed Rafi, Laxmikant-Pyarelal, RD Burman, and Kishore Kumar. On an overall basis, SIL owns intellectual property (IP) rights of over 1.50 lakh songs. It has also diversified its revenue profile through the physical sales of 'Carvaan' (variants selling in the market from May 2017) and content creation for films (Yoodlee films – 30 movies and web series licensed since its launch in November 2017). In FY24, the company further diversified into artist management. In FY25, SIL's consolidated revenue profile constituted 52% through license fees generated from its music copyrights and artist management (68% in FY24), 7% from the sale of 'Carvaan' (16% in FY24), and 16% from TV serials and digital films (14% in FY24), with the balance 24% contributed from income from event (2% in FY24).

Consistent growth in license fees through increased opportunities in the digital space

The high margin licensing income has exhibited an increasing trend over the years and grew by ~13% in FY25 (16% in FY24). With the gradual phasing out of physical music content, the company's changing business model has been capturing newer and profitable ways to monetise its existing music content, particularly, retro on digital platforms through OTT platforms (including YouTube), and publishing (through movies, TV shows and brand usage). With cheaper availability of data and increased usage of smartphones, the digital use of content has been increasing significantly.

Improvement in TOI in FY25, however, operating margins moderated

SIL's consolidated TOI witnessed a robust growth of ~46% y-o-y in FY25, mainly driven by significant growth in income from events and supported by healthy growth in licensing income, the television and series vertical. Increase in licensing income continues with higher investments in new content, apart from the healthy usage of existing content. 'Carvaan' sales volume witnessed a 37% degrowth in FY25 as the company introduced a new strategy, focusing exclusively on e-commerce and modern trade stores for product sales. In FY25, revenue from films, web series, and TV serials vertical increased to ~₹193 crore against ₹116 crore in FY24, but continued to report losses owing to lower-than-expected performance for some of the movies released in FY25.

The PBILDT margin moderated from 31.04% in FY24 to 23.67% in FY25 mainly owing to relatively lower margin in live event segment. With continued focus on content acquisition, the scale of operations is expected to witness growth, with sustained healthy profitability margins.

Robust capital structure and debt coverage indicators

On a consolidated basis, the company's capital structure continues to remain strong with a nil long-term debt-equity ratio in the last five years and a near nil overall gearing ratio in the last three years. Low debt levels allow better financial flexibility for the company. Although the ROCE and return on net worth (RONW) declined since FY22 due to a large part of the QIP funds remaining unutilised (~₹387 crore as on March 31, 2025), it however continued to remain at comfortable levels. Debt coverage indicators also continued to remain strong in FY25, with a total debt to gross cash accrual (TD/PBILDT) of 0.01x as on March 31, 2025 (0.02x as on March 31, 2024). The company had negligible interest expenses and a comfortable interest coverage ratio of 173x in FY25 (against 345x in FY24).

Going ahead, with significant capital available to the company, apart from internal generations to fund growth, the debt levels are expected to remain low.

Long track record and part of a strong promoter group

Incorporated in 1946, SIL has a long track record in the creation, acquisition, and distribution of music. The company has also ventured into the distribution of music in the digital mode and the production of TV serials and films. In 1985, SIL was acquired

by the RPSG group and is now part of the RPSG group of Kolkata. The RPSG group is one of the leading industrial houses in the country, with interests across diverse business sectors such as power, infrastructure, carbon black, retail, education, sports, BPO, media, and entertainment. Being part of the large established group provides significant financial flexibility to SIL. The company's operations are also supported by a qualified and professional management team having vast experience in related fields.

Liquidity: Strong

SIL's liquidity is marked by strong cash accruals against nil debt repayment obligations and cash and bank balance and significant liquid investments to the tune of ~₹654.91 crore as on March 31, 2025, including unutilised proceeds of ₹387 crore from the QIP issue. With nil gearing as on March 31, 2025, the company has sufficient headroom to raise additional debt, if required. The fund requirement for acquiring new content is proposed to be funded from QIP proceeds. Average fund-based bank limit utilisation remained negligible for 12 months ended May 2025.

Key weaknesses

Obsolescence risk associated with physical distribution formats and high cost of quality content

SIL is operating in a fast-changing industry, where formats for distribution of music changes with technological advancement. The company was severely affected by it in the 1980s, when the long record player was replaced by music cassettes. It shifted to manufacturing music cassettes, which were again replaced by compact discs (CDs). After the phasing out of CDs, the company launched 'Carvaan' radios in 2017. However, change in product mix towards licensing income monetised through distribution in digital mode, including tie-ups with streaming apps and OTT platforms, safeguards SIL from the risk of obsolescence. To keep pace with the industry, SIL also expanded its footprint in the digital space by venturing into long-form and short form video content.

The company has been acquiring and creating content to grow its scale of operations and remain competitive in the industry. Given its high cost, profitability remains exposed to popularity of content with users and generation of the envisaged revenue therefrom.

Continuous threat from piracy

Piracy has been eating into the profitability of the Indian media and entertainment (M&E) industry. Although this has always been in existence, incidences of piracy have been reducing gradually. Easy availability of substantially cheaper internet access has somewhat had a positive impact on curbing piracy.

The company also has a dedicated team that actively identifies copyright infringements and take steps to recover revenue loss from it.

Environment, social, and governance (ESG) risks

SIL's business activities do not have a material direct impact on the environment, and hence, it is not exposed to significant risk towards environmental compliance. The company is in compliance with regulatory requirements in terms of board composition and its sub-committees. The company has spent ₹4.85 crore on corporate social responsibility (CSR) activities towards RP-Sanjiv Goenka Group CSR Trust.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Media, entertainment & publication	Entertainment	Media & entertainment

SIL, belonging to the Kolkata-based RPSG group, was formerly known as the Gramophone Company of India. Earlier, the company was primarily engaged in creation and distribution of music in physical formats. Over the years, the company expanded its business and forayed into the distribution of music in the digital mode apart from physical formats (Carvaan) and has ventured into the production of TV serials, films, web series, and event management.

Brief Consolidated Financials (₹ crore)	FY24(A)	FY25(A)
Total operating income	803.00	1,171.69
PBILDT	249.24	277.32
PAT	197.56	204.24
Overall gearing (times)	-	-
Interest coverage (times)	345.40	173.16

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated facilities: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of facilities

Name of the Facilities	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	101.50	CARE AA-; Stable
Non-fund-based - ST-BG/LC		-	-	-	3.50	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - ST-BG/LC	ST	3.50	CARE A1+	-	1)CARE A1+ (04-Jul-24)	1)CARE A1+ (06-Jul-23)	1)CARE A1+ (05-Jul-22)
2	Fund-based - LT-Cash Credit	LT	101.50	CARE AA-; Stable	-	1)CARE AA-; Stable (04-Jul-24)	1)CARE AA-; Stable (06-Jul-23)	1)CARE AA-; Stable (05-Jul-22)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Saregama Ltd (SL) (formerly Saregama PLC)	Full	Subsidiary
2	RPG Global Music Limited (RPGG)	Full	Subsidiary
3	Kolkata Metro Networks Ltd	Full	Subsidiary
4	Saregama FZE (SFZE)	Full	Subsidiary
5	Saregama Inc (Wholly owned subsidiary of SL)	Full	Subsidiary
6	Pocket Aces Pictures Private Limited (PAPPL)	Full	Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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