

January 18, 2013

**CARE REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES OF  
SAREGAMA INDIA LTD.**

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	49.2 (enhanced from 25.5 )	'CARE BBB' (Triple B)	Reaffirmed
Short-term Bank Facilities	2.3 (reduced from 3.3)	'CARE A3+' (A Three Plus)	Reaffirmed
<b>Total</b>	<b>51.5</b>		

**Rating Rationale**

The above ratings continue to draw strength from the long & satisfactory track record of Saregama India Ltd. (SIL), established group, experienced management, strong brand positioning, large music archive, comfortable leverage ratios, increase in focus towards digital business and closure of film production business. The ratings continue to be constrained by high obsolescence risk associated with the distribution formats, threat from piracy, losses arising from film production, higher cost of content acquisition and large exposure to group companies. The ratings also factor in the satisfactory financial performance in FY12 and H1FY13. Improving profitability, maintain a healthy capital structure and ability to attain success by venturing into allied areas of business are the key rating sensitivities.

**Background**

Saregama India Ltd (SIL), belonging to the RP-Sanjiv Goenka Group (formerly RPG group) of Kolkata, is engaged in creation, acquisition and distribution of music in physical mode since 1946. Of late, the company has ventured into distribution of music in the digital mode, production of TV serials, event management, distribution of home video and artiste management. SIL is a known name in the entertainment industry with a large catalogue of music tracks under its banner. It has, over the years, dominated the Hindi music space as well as the regional music market across all genres. In FY12, SIL net loss of Rs.1.3 crore on total income of Rs.151.4 crore. However, during H1FY13, the company earned PAT of Rs.3.6 crore on total income of Rs.75.3 crore.

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<sup>1</sup> Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

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