

April 13, 2012

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

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	25.5 (reduced from 37.8)	'CARE BBB' (Triple B)	Reaffirmed
Short-term Bank Facilities	3.3	'CARE A3+' (A Three Plus)	Reaffirmed
Total	28.8		

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 and positive outlook of the media & entertainment industry. The ratings continue to be constrained by high obsolescence risk associated with the distribution formats, threat from piracy, losses arising from film production, uncertainty associated with success of media content and exposure to group companies. The ratings also factor in the improvement in profitability in FY11 (refers to the period April 1 to March 31) and 9MFY12. Improving profitability and successful diversification into new areas of business are the key rating sensitivities.

Background

SIL, incorporated in 1946, belongs to the RP-Sanjiv Goenka Group (formerly RPG group) and is engaged in creation/acquisition and distribution of music in both physical & digital modes, film production, TV serial production, artiste management, event management and home video distribution. SIL is a known name in the entertainment industry with a large catalogue of musical composition built over the years.

In FY11, SIL earned PAT of Rs.6.3 crore on total income of Rs.137.3 crore. During 9MFY12, the company earned PAT of Rs.6.0 crore on total income of Rs.111.1 crore.

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¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

Press Release

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