

November 11, 2013

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

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	47.0 (reduced from 49.2)	CARE BBB+ (Triple B Plus)	Revised from CARE BBB (Triple B)
Short-term Bank Facilities	1.0 (reduced from 2.3)	CARE A3+ (A Three Plus)	Reaffirmed
Total Facilities	48.0		

Rating Rationale

The revision in the long-term rating factors in improvement in Saregama India Ltd (SIL)'s financial performance and capital structure in FY13 (refers to the period April 01 to March 31) with nil debt equity ratio as on March 31, 2013. The above ratings continue to draw strength from SIL's long & satisfactory track record, established group, experienced management, strong brand positioning, large music archive, 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, higher cost of content acquisition and large exposure to group companies. Ability to maintain profitability and capital structure as envisaged and attain success by venturing into allied areas of business shall be the key rating sensitivities.

Background

Saregama India Ltd (SIL), belonging to the Kolkata-based RP-Sanjiv Goenka Group, is engaged in creation, acquisition, 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.

SIL earned a PAT of Rs.10.9 crore in FY13 on total income of Rs.184.4 crore. During Q1FY14, SIL earned a PAT of Rs.1.8 crore on total income of Rs.37.2 crore.

Mr. Y. H. Malegam, who is an independent director on the board of Firstsource Solutions Ltd, is one of CARE's Rating Committee Members. To comply with the regulations, the member has not participated in the rating process and in the rating committee meeting.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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

Disclaimer

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