



Saregama India Ltd (Saregama)

Background & Business

Saregama India Ltd, a RP Sanjiv Goenka Group company, is India's oldest music label, youngest film studio and a multi-language TV content producer. Formerly known as The Gramophone Company of India Ltd. and more popularly as HMV (His Master's Voice), Saregama was established as the first Indian branch of Electrical and Musical Industries Limited (EMI), London. In 1902, Saregama released India's first ever studio recorded song. In the years that followed, the company continued to expand its catalogue to become the largest in-perpetuity global owner of both sound recording and publishing copyrights of Indian music across 14 different languages. Steadily, the company expanded its portfolio to include intellectual property rights of over 4100 hours of TV content produced for channels in Hindi, Tamil, Telugu, Kannada, Malayalam and Bengali. Over the last few decades, the company forayed into retailing music through physical and digital mediums such as CDs, iOS & Android based apps and usb based thematic music cards. Saregama's head office is in Kolkata, with other offices in Mumbai, Delhi and Chennai. Carvaan remains to be the prime business to generate cash which will help fund other businesses. Carvaan plans to sell 1200K units by the end of FY20 helped by major marketing push and launch of new variants within the product. The company has also done reasonably well in the Yodlee Films segment by producing off beat type of content for niche audience and movies which can be consumed heavily on digital platforms.

From : 01-12-2014
To : 16-07-2015
Performance : 172%
Recommendation : CLOSED

Exit Rationale

While we continue to remain positive on company's strong business model, indomitable presence in the Indian Music Industry, healthy Balance sheet and strong management pedigree, due to significant increase in its price at the time of holding the stock, our target price was almost achieved and we didn't see much upside remaining in near term, we recommended exit on this company and advised our clients to book profit.

Outlook as on EXIT Date

As explained above, as per our valuations, not much upside is left for the company as it has already given handsome price gains during our holding period. Hence, we have recommended exiting this stock and move to some other compelling opportunities.

However, we will continue to monitor all the developments in the company and would take a re-look at owning the stock as and when the opportunity exists.



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