

Stake rejig plan in Saregama

SAMBITSAHA

Calcutta, June 29: The promoter's of Saregama India Ltd are set to raise their stake in the entertainment company via a preferential share issue.

The Goenka family currently holds 53.12 per cent in the company which owns title rights to the largest repertoire of recorded songs — over 300,000 — in India.

The company has now decided to enter film production in a big way with a kitty of Rs 100 crore, which it plans to invest over the next two years.

The investment limit may be raised if it gets good projects during this period. As of now, seven films have been identified for funding with a Rs 100-crore budget.

The Telegraph has learnt that the promoters could bring in about Rs 50 to 60 crore through the preferential issue that would eventually also raise their stake in the company.

The board of Saregama will meet later this month to discuss the issue of preferential shares to the promoter group.

The money will be used to part finance the film produc-



Sanjiv Goenka:
Reel life action

tion business and other expansion plans.

For instance, Saregama is also entering the event management space in a big way. It is about to pick up a stake in a company, which manages events nationally. The company is also entering the publishing business by introducing magazines.

If the promoters bring in Rs 50-60 crore by way of equity,

the company can raise debt worth Rs 100 crore.

While releasing the music on Saturday evening for Ritu-parno Ghosh's *Khela*, the first Saregama release this year, Goenka indicated the company would invest about Rs 150 crore in the next 12-18 months. This includes the budget for film making.

Bollywood director Apoorva Lakhia will make two films

under the Saregama banner. Talks are on with Ghosh and Aparna Sen as well.

Incidentally, the preferential share issue is coming at a time when Saregama's stock has been battered on the bourses. After hitting a high of Rs 388.25 on January 4, the stock tumbled to Rs 97 on June 13. It closed at Rs 101.60 on Friday, down 73 per cent from the peak while the benchmark sensex has lost only 33 per cent during the same period.

Regulatory filings with the stock exchanges show that the promoters used the low stock prices to raise their holding through the creeping acquisition route as well.

Between January and March, the promoters raised their stake by 1.36 per cent. It went up from 51.76 per cent on December 31, 2007 to 53.12 per cent in March 31, 2008.

Analysts say it is good news for the company that the promoters are ready to put in money.

"This goes to show that they believe in the company's prospects. It also probably underlines the fact that the stock is currently undervalued in the market," they said.