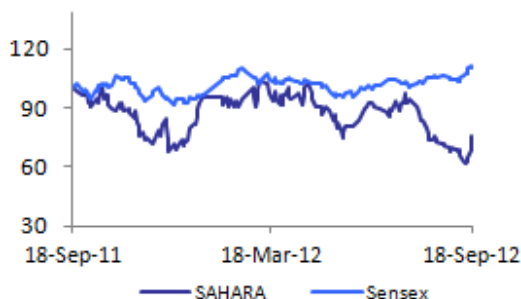


September 18, 2012

CMP	Rs. 112
BSE Code	503691
BSE ID	SAHARA
High/Low 1Y (Rs.)	154.0 / 92.4
Average Volume (3M)	133
Market Cap (Rs. Cr.)	241

Shareholding %	Jun-12	Mar-12
Promoters	74.99	74.99
DII [#]	-	-
FII [#]	-	-
Public & Others	25.01	25.01

Stock Chart (Relative to Sensex)



Stock Performance (%)	1M	6M	1Yr
SAHARA	5.5	-16.4	-24.7
Sensex	3.6	9.5	10.5

Financials	FY10	FY11	FY12
Revenue	181.6	124.0	110.1
Y-o-Y	-22.7%	-31.7%	-11.2%
EBITDA	6.5	-4.5	-16.2
Y-o-Y	LP	PL	-
Net Profit	8.9	0.1	-0.2
Y-o-Y	348.0%	-99.4%	PL
EPS (Dil.)	4.15	0.02	-0.10
EBITDA Margin	3.6%	-	-
NP Margin	4.9%	0.0%	-
P/E(x)	27.0x	5,600.x	-

Financial year ends at March 31. All figures in Rs. crore except for per share data

[#]FII^s- Foreign Institutional Investors

[#]DII^s- Domestic Institutional Investors

PL - Profit to Loss

LP - Loss to Profit

Sahara One Media & Entertainment Limited.

Company Overview

Sahara One Media & Entertainment Ltd., the flagship company of Sahara India Pariwar, is one of the leading media conglomerates in India. The Company's principal business is sale of television programmes and motion pictures production and distribution. Three television channels namely Sahara One, FILMY and FIRANGI are aired under the television broadcasting business. Sahara Motion Pictures, the movie production wing, is engaged in the business of production, marketing and distribution of motion pictures in Hindi and other regional languages.

Company Fundamentals

Movie production for all types of audience

Both commercial and meaningful parallel cinemas have been produced by Sahara Motion Pictures.

Television content for all genres

Fiction and non-fiction programs are telecast through the channels for different types of audience.

Dubbed Hollywood content

Language is not a barrier for Indian audience to enjoy Hollywood movies through FIRANGI channel, where the content is dubbed.

Operational Performance

The company has reported net revenue of Rs. 110.1 crores in FY12. There is a decrease in revenue for the company from last two years. The company has reported net loss of 0.2 crores against profit of Rs. 0.1 crores in last year. The main reason for this decrease in revenue and loss is mainly on account of substantial increase in content cost and current tax.

Key Strengths

- Sahara One Media & Entertainment Ltd. is a flagship of Sahara India Pariwar
- Strong focus on quality content both on TV program and movie production
- Digitally encrypted channels

Company Business

Sahara One Media & Entertainment Ltd. operates in the motion pictures and television sector in India. The television division operates three channels namely Sahara One, a general entertainment channel, FILMY, a Hindi Movie channel and FIRANGI, a world television channel in Hindi.

Sahara TV was launched in 2000 as a 24-hour Hindi entertainment channel and was renamed as Sahara One in 2004. Sahara One airs both fiction and non-fiction entertainment program like stage events, family soaps, mythological serials, reality shows, kids' program, feature films and film-related program aimed at all genres of audience. The channel also emphasises on values and thoughts of Indian women through the soaps, mega-serials and other broadcasting. The television channel has 24 GRP (Gross Rating Point) in the beginning of FY 2011-12, which reached 53 GRP in March 2012. 'Jai Jai Jai Bajrangbali' is a hit mythological serial from the house of Sagars. There are also late night slots for horror serials. Prime evening slots target the home audience with a pack of drama-based program.

The Hindi movie channel 'FILMY' was launched in February, 2006 after Sahara One. FILMY channel shows Hindi movies and dubbed Hollywood movies. This channel is digitally encrypted and the movies are mixed with fun moments pop-ups with the original content to capture the attention of audience. Celebrity cricket matches were also telecasted which was very popular too.

FIRANGI was launched on select DTH services, which offer dubbed Hollywood movies keeping in mind the Indian audience.

The movie production wing operates under Sahara Motion Pictures which is one of the well-known production houses in India. This company has produced around 35 movies in the last couple of years. Five national awards have been there in the kitty as well. The company produces commercial and parallel movies with strong content and meaning. Some of the most respected movie banners of Indian cinema are associated with Sahara Motion Pictures. Eminent directors Shyam Benegal, Nagesh Kuknoor, Madhur Bhandarkar, Ram Gopal Varma, Aneez Bazmi, and Priyadarshan have been associated in the past. Netaji Subhash Chandra Bose – The Forgotten Hero and Ab Tak Chappan are highly critically acclaimed movies. Some other is Page 3, Door, Sarkar to name a few. Geon Studios is another venture under Sahara One Motion Pictures which delivers cutting-edge digital technology for films and television projects.

As per the recent viewership data, Sahara One is rising quietly and steadily, While just a few months ago, the channel's Gross Rating Points (GRPs) were languishing in the sub-20 points zone, it has week-on-week kept climbing up the viewership charts to now be in the 50-55 GRPs zone in the last week of March 2012. During the same period, the channel's reach also increased from 41 million to 52 million.

With an interesting and settled line-up now in place that encompasses all genres as drama, horror and mythology, it seems perfectly positioned to climb the charts even further.

Source: Company Annual Report, Box Office India website

Industry Overview

Indian Media & Entertainment (M&E) Industry has achieved a 12% growth in 2011 over 2010 to reach INR 728 billion. This growth is expected to remain in 2012 to touch Rs 823 billion. The industry is expected to achieve a CAGR of 15% to touch INR 1457 billion by 2016. The industry includes television, film entertainment, print, online radio, music, OOH and animation, gaming and VFX sectors.

Television is the largest contributor of revenue among the media industry, which is estimated to be INR 329 billion in 2011 and is expected to grow at a CAGR of 17% over 2011-16 to touch INR 735 billion in 2016. The contribution of TV industry among the entire M&E industry revenue is projected to increase from 65% in 2011 to 69% in 2016. Television penetration in India, which now stands at around 60%, provides huge growth opportunity in future. Print medium would be the second largest revenue contributor in the industry.

The Indian film industry is projected to grow at a CAGR of 10.1% to reach INR 150 billion in 2016. With several movies adding to the list of Rs 100-crore club in terms of domestic box office collections, there is high hope for the industry with some big budget movies lined up for release in 2012 and thereafter. The industry has witnessed 11.5% growth in 2011 over 2010. Competition among different satellite channels for film rights has caused a 25% growth of cable and satellite rights.

Industry growth drivers:

- India is the third largest TV market after USA and China with around 15 crore television households. Television continues to be the largest medium for media delivery in India in terms of revenue, representing around 45% of the total media industry. In spite of this, the industry continues to have room for further growth as television penetration in India is still at approximately 60% of total households. Cable and Satellite (C&S) penetration of television households is close to 80% with DTH driving growth in the last year. With impending digitization, penetration level of digital households is expected to increase going forward.
- Digital distribution of movies enables producers to release multiple prints across the country, which is very cost effective. The possibilities of pirated copies from the master print have also reduced.
- Multiplex chains are increasing their focus on tier II/III cities to cash in on the increased disposable income from these cities.
- 3D films are gaining prominence both in Hindi and Hollywood films. This allows multiplexes to marginally increase ticket prices and provide a new diverse experience to the viewer. The advantage is also that this cannot be readily replicated on the television and internet.
- Digital music downloads (with copyright) is a positive move for the music industry.

Source: Excerpts from FICCI-KPMG report, Annual Report

Competitor Analysis

We have compared Sahara with its close peers in the Broadcasting & Cable TV industry.

Company	Year End	CMP*	M Cap	Revenue (FY12)	EBIT Margin (FY12)	EPS (FY12)	P/E
Sahara One Media & Entertainment LTD	Mar-12	112	241	110	10.3%	-0.1	0.0x
Balaji Telefilms Ltd	Mar-12	45	290	188	-4.7%	3.1	0.0x
Raj Television Network Ltd	Mar-12	237	308	54	19.6%	7.1	22.1x

Source: BSE, Capitaline, Market cap and Revenue in Rs. Crore, *CMP as on 18 Sept 2012

Summary Financials

Particulars (Rs crore)	FY10	FY11	FY12
Net Sales	181.6	124.0	110.1
Other Op. Revenue	0.0	0.0	0.0
Total Revenue	181.6	124.0	110.1
<i>Growth (%)</i>	-22.7%	-31.7%	-11.2%
Cost of Goods Sold	-149.1	-109.0	-103.6
Gross Profit	32.5	15.0	6.4
Employee Costs	-11.4	-13.7	-11.5
Other Expenditure	-14.6	-5.8	-11.2
EBITDA	6.5	-4.5	-16.2
<i>Growth (%)</i>	LP	PL	-
Depreciation	-0.3	-0.3	-0.2
EBIT Profit	6.2	-4.8	-16.4
Finance cost	-13.3	-12.2	-3.9
Other Income	20.7	17.6	20.9
Exceptional Items	0.0	0.0	0.0
PBT	13.6	0.6	0.6
<i>Growth (%)</i>	223.9%	-95.7%	0.3%
Income Tax	-4.7	-0.5	-0.8
Profit after Tax	8.9	0.1	-0.2
Extra Ordinary Items	0.0	0.0	0.0
Net Profit	8.9	0.1	-0.2
<i>Growth (%)</i>	348.0%	-99.4%	PL
Rep. Basic EPS	4.15	0.02	-0.10
Rep. Diluted EPS	4.15	0.02	-0.10
Equity Capital	21.5	21.5	21.5
Face value	10	10	10

Ratio Analysis	FY10	FY11	FY12
Margins			
EBITDA Margin (%)	3.6%	-	-
Net Profit Margin (%)	4.9%	0.0%	-
Valuation			
P/E (x)	27.0	5600.0	-
P/BV (x)	0.8	0.8	0.8
Profitability			
ROCE (%)	1.6%	-1.7%	-5.7%
RONW (%)	3.1%	0.0%	-0.1%
Solvency Ratio			
Debt/ Equity Ratio (x)	0.3	0.0	0.0
Interest Cover (x)	0.5	-0.4	-4.2

Bifurcation between LT and ST Debt is not available for FY09 & 10

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