

Prasad Corporation Private Limited

March 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	24.06 (Enhanced from 18.50)	CARE BBB-; Stable	Reaffirmed
Short-term bank facilities	4.25 (Enhanced from 3.00)	CARE A3	Reaffirmed
Short-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Prasad Corporation Private Limited (PCPL) derives strength from the long track record of the company in visual effects, restoration and digitization business with reputed client base, sharp income growth with an order from National film Archive of India (NFAI) and strong establishment of the group in the film pre and postproduction services for seven decades.

However, ratings are tempered by revenue concentration among top customers, technological obsolescence risk, foreign exchange fluctuation risk, presence in a fragmented and competitive industry and high exposure to subsidiaries.

CARE Ratings Limited (CARE Ratings) has withdrawn ratings assigned to the company's Packing Credit facility based on the no due certificate received from lender and there is no amount outstanding under the facility as on date.

Rating sensitivities: Factors likely to lead to rating actions

Positive Factors

- Growing scale of operations more than ₹150 Crore, while maintaining stable profit before interest, lease rentals, depreciation, and taxes (PBILDT) margins above 12%.
- Improving overall collection efficiency, resulting in reduced receivables, which are more than six months old.

Negative Factors

- Elongating collection period, impacting liquidity.
- Debt-funded capex, deteriorating the capital structure, leading to overall gearing more than 2.0x.
- Increasing exposure to subsidiaries or group companies, impacting liquidity.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the company's operations will remain stable in the medium-term deriving benefit from the group's established name and long track record in the film industry.

Detailed description of key rating drivers:

Key Strengths

Long track record in restoration, visual effects, and digitisation business

PCPL was incorporated in 1994 and is part of the Prasad group that holds track record for over seven decades in providing postproduction services to the Indian film industry. PCPL has over three decades of operational track record in visual effects, restoration and digitisation business that has helped the company be associated with reputed and renowned clients across the world.

Established presence of the group in the film pre- and post-production services

Prasad Group, one of Asia's largest providers of post-production services, was founded in 1956 by Dada Saheb Phalke Award recipient LV Prasad. The Prasad Group primarily comprises three main entities: Prasad Productions Private Limited (PPPL), Prasad Corporation Private Limited (PCPL), and Prasad Media Corporation Limited (PMCL). The Prasad Group's services encompass most of the value chain involved in film and video post-production processes. The group has major production facilities and offices in Chennai, Mumbai, Hyderabad, Bangalore, Thiruvananthapuram, Bhubaneswar, Kolkata, the USA, the UK, Germany, and Japan.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

With a presence of over two decades in the industry, PCPL has good relationship with customers, resulting in an established customer base.

Growth in scale of operations through NFAI order and improvement in profitability

PCPL's scale of operations grew by 147.9% in FY24 to ₹78 crore. The company has recorded a TOI of ₹61 crore in 9MFY25 (9MFY24: ₹54.90 crore). growth in total operating income (TOI) is primarily due to the company securing the order of ₹183 crore from National film Archive of India (NFAI) for the restoration of old films. The company is currently generating revenue from its legacy business (services offered to the Hollywood production houses) and restoration work order received from NFAI.

The company's major cost has been employee expenses, which accounted for 50-55% TOI from FY20 to FY23. However, with improvement in scale of operations, overheads were better absorbed, reducing employee costs to 27.8% of TOI in FY24. Consequently, PBILDT margins improved significantly from 14.30% in FY23 to 34.36% in FY24, and further to 39.71% in 9MFY25.

Key weaknesses

Exposure to subsidiaries

The company has invested ₹43.37 crore (PY: ₹38.31 crore) into its overseas subsidiaries adjusting, for which, overall gearing stood at 1.08x as on March 31, 2024. Increase in exposure to subsidiaries of ₹5.06 crore in FY24, pertains acquisition of Omnimangao GmbH, a German entity in the similar line of business of that of Prasad Corporation.

Debt coverage indicators marked by total debt to gross cash accruals (TD/GCA) stood at 1.37x on March 31, 2024, against 3.58x as on March 31, 2023. Interest coverage ratio remained healthy at 14.03x in FY24.

Technological obsolescence and forex fluctuation risk

Digital technologies are prone to technological obsolescence. With newer technologies/improvements being introduced at a high pace, the existing digital equipment's might get outdated faster and some of them may not be upgradeable to newer technologies, introducing a higher risk on investing in them. As PCPL invests in software and systems for their operations it is prone to technological obsolescence risk. PCPL has 22% export services. So, profitability margins are susceptible to fluctuation in foreign exchange prices. However, the company has hedging mechanism on case-to-case basis to cover forex fluctuation.

Presence in fragmented and competitive industry

The vast and diverse nature of the visual effects business has resulted in highly fragmented industry structure, marked by presence of the several unorganised players and competition from several established players. Apart from the fragmentation, the industry is marked by high entry barriers because of high capital investment requirements and consistent investments towards content creation, content library and innovation film production.

Liquidity: Adequate

The company's liquidity is adequate marked by healthy cash accruals of ₹18.89 crore in FY24 against repayment obligation of ₹2.80 crore in FY25. The company has unencumbered cash and bank balance to the tune of ₹2.46 crore as 31st March 2024. Operating cycle days improved to 93 days in FY24 (PY: 223 days) mainly due to reduction in average collection period from 272 days in FY23 to 127 days in FY24. Average working capital utilisation stood moderate at 57% for 12 months ended November 2024.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Media, entertainment & publication	Entertainment	Film production, distribution & exhibition

Prasad Corporation Private Limited (PCPL), incorporated in 1994, is engaged in digital media content involving VFX and digital restoration services. It specialises in computer graphics, digital intermediate, digital film restoration, and other digitisation and managed services. The company has two subsidiaries, Prasad Global Media Services LLC USA and Digital Film Technologies GmbH, Germany and three step-down subsidiaries, Prasad Corporation USA, Digital Film Technology LLC, and Prasad Corporation GK, Japan. Prasad Global Media Services LLC USA (PGMS USA) offers digitisation and managed services and Digital Film Technologies GmbH (DFT GmbH) manufactures and sells high-end scanners. The high-end scanners are called scantity, which is the primary machinery required in restoring old video content.

Brief Financials (₹ Crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY24 (UA)
Total operating income	32.44	78.41	61.34
PBILDIT	4.64	26.94	24.36
PAT (After def Tax)	1.51	13.80	11.20
Overall gearing ratio (times)	0.26	0.38	NA
Interest coverage (times)	5.16	14.03	6.23

A: Audited UA: Unaudited NA: Not available; Note: 'these are latest available financial results'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	20.00	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	31/01/2028	4.06	CARE BBB-; Stable
Fund-based - ST-Packing Credit in Foreign Currency		-	-	-	0.00	Withdrawn
Non-fund-based - ST-Bank Guarantee		-	-	-	4.25	CARE A3

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	20.00	CARE BBB-; Stable	1)CARE BBB-; Stable (04-Apr-24)	-	1)CARE BB+; Stable (17-Mar-23)	1)CARE BB+; Stable (03-Jan-22)
2	Fund-based - ST-Packing Credit in Foreign Currency	ST	-	-	1)CARE A3 (04-Apr-24)	-	1)CARE A4+ (17-Mar-23)	1)CARE A4+ (03-Jan-22)
3	Non-fund-based - ST-Bank Guarantee	ST	4.25	CARE A3	1)CARE A3 (04-Apr-24)	-	1)CARE A4+ (17-Mar-23)	1)CARE A4+ (03-Jan-22)
4	Fund-based - LT-Term Loan	LT	4.06	CARE BBB-; Stable	1)CARE BBB-; Stable (04-Apr-24)	-	-	-

LT: Long term; ST: Short term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Packing Credit in Foreign Currency	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Priti Agarwal Senior Director CARE Ratings Limited Phone: +91-33-4018 1621 E-mail: priti.agarwal@careedge.in</p> <p>Sandeep P Director CARE Ratings Limited Phone: +91-44-2850 1002 E-mail: sandeep.prem@careedge.in</p> <p>Adarsh Gs Rating Analyst CARE Ratings Limited E-mail: Adarsh.Gs@careedge.in</p>
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About us:

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