

Shemaroo Entertainment Limited

March 24, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	195.90 (Reduced from 215.00)	CARE BB-; Stable	Downgraded from CARE BB; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Downgrade in the rating assigned to bank facilities of Shemaroo Entertainment Limited (SEL) factors in the moderation in the operating and financial performances with continued uncertainty on the ability of the company to generate adequate cash flow from operations relative to the sizeable debt repayment obligations in the coming years. SEL's consolidated revenue from operations declined by ~11% YoY to ₹455 crore in 9MFY25 on account of slower-than-expected traction in syndication business (B2B leasing of titles) and industry wide headwinds from lower advertising expenditure by businesses. This, coupled with the accelerated inventory amortisation of ~₹30-40 crore per quarter from Q4FY24, translated into operating and net loss in FY25. Further, SEL has sizeable contingent liabilities of about ₹133.61 crore (including input tax credit of ₹70.26 crore along with penalty thereon of ₹63.35 crore) levied by GST department at the company level. CareEdge Ratings understands that the company shall seek necessary legal remedies before the relevant authorities and will continue to monitor the developments in this regard. CareEdge Ratings also notes the clearance of Joint Managing Director, Chief Executive Officer and Chief Financial Officer of the company from additional penalty of ₹133.61 crore each.

The rating continues to be constrained by SEL's continued net losses which adversely impacts its networth and weak debt coverage metrics. The rating also factors in vulnerability in advertisement revenue and intense competition from other industry players. The rating, however, continues to derive strength from the experienced promoters, large content library and distribution network.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantial growth in scale of operations with improvement in PBILDT margin to above 5% on a sustained basis.
- Favourable resolution of the pending regulatory matters with no material financial impact on the business.
- Improvement in coverage indicators with PBILDT interest coverage above 1.8x on a sustained basis.

Negative factors

- Decline in scale of operations with total operating income (TOI) below ₹400 crore with continued cash losses on a sustained basis.
- Adverse regulatory actions and/or crystallisation of contingent liabilities impacting overall liquidity position.
- Deterioration in overall gearing more than 1.5x on a sustained basis.

Analytical approach: Consolidated

CareEdge Ratings has considered the consolidated financials of SEL owing to financial and operational linkages between the company and its subsidiaries and step-down subsidiaries as detailed in Annexure-6.

Outlook: Stable

The stable outlook reflects CareEdge Ratings view that the company is likely to maintain a moderate financial risk profile over the near term.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale with continued deterioration in profitability and material contingent liabilities:

The overall scale of operations remained moderate with TOI decreased to ₹686.26 crore in FY25 as against ₹708.43 crore in FY24. TOI further moderated to ₹443.58 crore in 9MFY26 was mainly due to continued weakness in the traditional media segment, impacted by the re-entry of major broadcasters on FreeDish and softness in FMCG advertising, and weak traction in traditional syndication/ad-led businesses. Profitability margins remain adversely impacted by ongoing accelerated inventory charge-offs

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

initiated in FY24, which continue to weigh on reported profitability in FY25 and 9MFY26. Further, company reported operating and net loss of ₹76.54 crore and ₹84.96 crore respectively in FY25. The same has further deteriorated in 9MFY26 with operating and net loss widened to ₹172.68 crore and ₹146.50 crore, due to weak operating leverage, continued accelerated inventory charge-offs, and expenses on new initiatives (net of revenue) in 9MFY26. Profitability is expected to remain under pressure amid uncertainty in recovery of advertising and syndication revenues and continued industry competition.

Further, the company received demand order from office of the Principal Commissioner of CGST, Mumbai – East dated February 05, 2025, for recovery of inadmissible input tax credit of ₹70.26 crore along with alleged interest at applicable rate and penalty equivalent to tax amount, penalty of ₹63.35 crore on the company. Considering the size of the demand, the outcome in this regard remains key credit monitorable.

Moderate capital structure and weak coverage ratios:

The entity's capital structure remained moderate, as reflected by an overall gearing of 0.65x as on March 31, 2025, vis-à-vis 0.62x as on March 31, 2024. The marginal weakening in gearing was largely due to the erosion in net worth arising from continued losses, even though the absolute debt level moderated. The debt profile remains largely working capital borrowings, owing to the funding requirement for content acquisition / creation and inventory carrying, with short-term borrowings continuing to form the bulk of total debt. While TOL/TNW remained moderate at 0.85x as on March 31, 2025. The debt protection metrics remain weak and are likely to stay under pressure in the near-to-medium term, given the operating and net loss incurred in FY25 and in 9MFY26 and uncertainty regarding recovery scale. The pressure on earnings is also being driven by continued weakness in the traditional media business amid the re-entry of major broadcasters like Colours, Jio, Sony and Star from 1st April 2025 in the free dish services. The capital structure is expected to deteriorate further due to continued loss incurred in FY26. Further, the board has approved a preferential allotment of equity shares aggregating to ₹15.51 crore to promoters / promoter group towards appropriation of existing unsecured debt. Timely completion of the same is expected to provide some support to the capital structure through a reduction in unsecured debt and an improvement in the equity base; however, the benefit will remain contingent on timely completion of the transaction and improvement in operating performance.

Exposed to intense competition and volatility in advertising revenue:

The company faces stiff competition from both new as well as existing players in the film & television media along with new media segment. Intensified competition in recent years has increased demand for the limited content pool, which has in turn contributed to an increase in costs for content acquisition. Thus, the profit margin of content providers like SEL is expected to remain moderate in medium term. The media and entertainment industry remains vulnerable to cyclicalities in advertisement spends by corporates and the stiff competition including that from the digital players.

Key strengths

Experienced promoters:

The Managing Director, Mr. Raman Hirji Maroo, has over three decades of experience in the entertainment industry. The company has experienced management team to handle different operations. Moreover, SEL's promoters and management have longstanding relationships with the film production houses and well-known broadcasters in the Indian television & media industry

Large content library supports operations:

SEL's operations are supported by its large and diversified content library, which can be monetised across multiple platforms such as broadcasting, digital media, OTT, DTH and other ancillary channels. As on March 31, 2025, the company's inventory stood at ₹568.35 crore, of which copyrights constituted ₹563.77 crore, reflecting the content-rights-driven nature of the business. The inventory level reduced further to ₹477.31 crore in 9MFY26, in line with the ongoing accelerated inventory rationalisation exercise. As on March 31, 2025, SEL had rights to 2,970 film titles, comprising 1,119 Hindi film titles and 1,851 regional titles. Of these, 1,954 titles were perpetual rights, and 1,016 titles were period rights, which provides a balanced mix of long-tenure and finite monetisation assets. The company also had 152 titles in episodic and special interest / original content, with an aggregate library of 5,381 episodes and 2,522 hours. The company's strategy of monetising content across multiple platforms and later-stage content cycles, where commercial visibility is relatively better, supports its portfolio-level return framework and reduces the risk associated with first-cycle content monetisation

Liquidity: Stretched

Liquidity is stretched, marked by higher utilization of its working capital limits and inadequate cash accruals against high debt repayments resulting in reliance on promoters' funds for debt repayment. While the current ratio was at 2.02x, its quick ratio remained weak at 0.54x as on March 31, 2025. Its bank limits of ₹141.7 crore were utilised at around ~85% during last 12 months ended December 2025. It maintains very high level of inventory. The average inventory days in last two fiscal year(s) remained high at 338 days. Operations are highly working capital intensive with gross current asset days were very high at 451

days on an average basis. While cash-flow from operations was positive at ₹71.04 crore in FY25 increase from ₹26.18 crore in FY24, unencumbered cash and bank balance was around ₹ 7.61 crore as on March 31, 2025, of which ₹0.15 crore pertains to margin money against gross repayments of ₹1.30 crore to 1.50 crore in FY26 to FY28.

Assumptions/Covenants: Not applicable

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](#)

[Service Sector Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Media, Entertainment & Publication	Entertainment	Film Production, Distribution & Exhibition

Shemaroo Entertainment Limited (SEL) is engaged in movies and entertainment business including content aggregation, acquisition, film production and subsequent distribution of the movie rights to be monetised through the broadcasting channels (like television, home entertainment), new media (internet/ Value Added Services, OTT etc.) and preloaded devotional devices. It was established in 1962 as a book circulating library by Mr. Buddhichand Hirji Maroo.

Brief Financials Consolidated (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Total operating income	708.43	686.26	416.55
PBILDT	0.84	-76.54	-175.93
PAT	-40.67	-84.96	-148.94
Overall gearing (x)	0.62	0.65	NA
Interest coverage (x)	0.02	-2.09	-7.94

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Brief Financials Standalone (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Total operating income	678.20	651.61	422.21
PBILDT*	-0.98	-82.05	-172.69
Profit after tax (PAT)	-42.63	-87.50	-146.50
Overall gearing (x)	0.61	0.65	NA
Interest coverage (x)	-0.03	-2.25	-7.74

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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-Bank Overdraft		-	-	-	50.00	CARE BB-; Stable
Fund-based - LT-Cash Credit		-	-	-	145.90	CARE BB-; Stable

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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	145.90	CARE BB-; Stable	-	1)CARE BB; Stable (12-Mar-25)	1)CARE BB+; Stable (16-Feb-24) 2)CARE BBB; Negative (18-Sep-23) 3)CARE BBB; Stable (05-Apr-23)	1)CARE BBB; Stable (22-Mar-23)
2	Fund-based - LT-Bank Overdraft	LT	50.00	CARE BB-; Stable	-	1)CARE BB; Stable (12-Mar-25)	1)CARE BB+; Stable (16-Feb-24) 2)CARE BBB; Negative (18-Sep-23) 3)CARE BBB; Stable (05-Apr-23)	1)CARE BBB; Stable (22-Mar-23)

LT: Long term; ST: Short term; LT/ST: Long term/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-Bank Overdraft	Simple
2	Fund-based - LT-Cash Credit	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Canopy Entertainment Private Limited	Full	Wholly owned subsidiary
2	Shemaroo Contentino Media LLP	Full	Subsidiary
3	Shemaroo Media and Entertainment LLC	Full	Wholly owned subsidiary

Note on complexity levels of rated instruments: CareEdge 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

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