

APRIL 11, 2016

CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF SHEMAROO ENTERTAINMENT LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	145 (reduced from 150)	CARE A (Single A)	Revised from CARE A- (Single A Minus)
Total Facilities	145 (Rupees One Hundred and Forty Five crore only)		

Rating Rationale

The revision in the rating assigned to the bank facilities of Shemaroo Entertainment Limited (SEL) takes into account consistent improvement in operational performance in FY15 (refers to the period April 1 to March 31) and 9MFY16 with increasing revenue from the new media business and consistent growth from the Broadcast Syndication (BS) business.

The ratings continue to derive strength from the experienced promoters, their established business relationship in the Indian film industry, well-placed market position in the BS business along-with availability of significant content library and healthy growth environment of the Indian film and television industry.

However, the rating strengths are tempered by the working-capital intensive nature of operations and competitive nature of broadcast syndication business, which is also highly susceptible to the vagaries of economic cycles.

SEL's ability to scale up its operations with diversified revenue stream in new age media business, maintain the profitability by generating healthy realizations from broadcasting rights and maintain its capital structure are the key rating sensitivities

Background

Shemaroo Entertainment Limited (SEL), established in 1962, is promoted by the Chairman, Mr Buddhichand Hirji Maroo. SEL has its presence across different verticals of movies and entertainment business including content aggregation, acquisition, film production and subsequent distribution of the movie rights to be monetized through the broadcasting channels (like television, home entertainment), new media (internet/ Value Added Services) and home video (VCD/DVD). The company also has a tie-up with many content providers in the industry. SEL's content library has more than 3000 titles including new and old prominent Bollywood movies and also titles in various other regional languages like Marathi, Gujarati etc.

During FY15, SEL reported PAT of Rs.41.81 crore on a total income of Rs.324.62 crore as compared to PAT of Rs.27.84 crore on a total income of Rs.264.61 crore for FY14. In 9MFY16, SEL reported PAT of Rs.37.14 crore (PY: Rs.28.95 crore) on a total income of Rs.271.08 crore (PY: Rs. 236.73 crore).

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¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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