



Press Release
SURESH PRODUCTIONS PRIVATE LIMITED
May 31, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	70.00	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	70.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB-‘ (read as ACUITE triple B minus)** on the Rs.70.00 Cr. bank facilities of Suresh Productions Private Limited (SPPL). The outlook is '**Stable**'.

Rationale for reaffirmation:

The reaffirmation of ratings considers the company’s established market position and extensive experience of the management in Indian entertainment industry, improved operating income in FY2025 (Prov.) post a decline observed in FY2024 due to change in business model. The rating also factoring continuing moderate financial risk profile with low gearing level and its adequate liquidity position of the company. However, the rating is constrained by intensive working capital operations and other risks which are incidental to entertainment industry.

About the Company

Suresh Productions Private Limited (SPPL) was set up in 1983 by Late .D. Ramanaidu to undertake film production, and owns three film studios two in Hyderabad(Telangana) and one in Visakhapatnam (Andhra Pradesh). SPPL is one of India's largest film production companies with over 50 years of contribution to national and regional cinema. The directors of the company are Mr. Vijayaraghavan Lakshmi, Mr. Sureshbabu Daggubati, Ms. Lakshmi Daggubati, Mr. Ramanaidu Daggubati and Mr. Abhirammohan Narayan Daggubati. The registered office of SPPL is in Hyderabad, Telangana. The Company is engaged in the production and distribution of films.

Unsupported Rating

Not applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Suresh Productions Private Limited (SPPL) to arrive at the rating.

Key Rating Drivers

Strengths

Established Presence and Experienced Management:

Suresh Productions Private Limited (SPPL) was set up in 1983 by Late .D. Ramanaidu to undertake film

production, and owns three film studios, two in Hyderabad (Telangana) and one in Visakhapatnam (Andhra Pradesh). SPPL is one of the largest film production companies with over fifty years of contribution to national and regional cinema. Late Mr. Daggubati Ramanaidu (1936 – 2015) was an Indian film producer and the founder of SPPL known for his work in Telugu cinema. He was placed in the Guinness Book of World Records for the most films produced by an individual, with more than 150 films in 13 Indian languages. Actor Daggubati Suresh Babu (elder son of Daggubati Ramanaidu) is the managing Director of SPPL. He is the key member of various

committees formed by the government of Telangana and AP working towards the development of Tollywood film industry. Actor Daggubati Venkatesh (younger son of Daggubati Ramanaidu), is one of the leading actors in Tollywood for the last 3 decades and has acted as lead hero in more than 70 movies. He won 5 Nandi Awards for Best Actor and 6 Filmfare Awards South in various categories. Acuité expects SPPL to benefit from its experienced management and established presence in the film industry over the medium to long term.

Improvement in operating income in FY2025 (Prov.) post decline in FY2024 on account of change in business model:

SPPL's revenue stood at Rs.59.37 Cr. in FY2024 which declined by ~56 percent from FY2023 revenue of Rs.135.73 Cr. This decline in revenue was due to change in business model. The company has shifted from core movie productions to Movie production as a service (MPaaS). This move is to minimize the risk of movie production and ensures optimizing the production capabilities of SPPL. Further, the company registered Rs.69.98 Cr. revenue in FY2025 (Prov.) with ~18 percent growth. This growth in revenue is due to higher revenue from sale of new films under MPaaS model and higher income from brand service and film agreement services entered by in-house actor during the year. The operating profit margin stood at 22.77 percent in FY2025 (Prov.) against 29.83 percent in FY2024. Further, PAT margin stood at 14.62 percent in FY2025 (Prov.) compared to 16.74 percent in FY2024. Acuite believes that, SPPL's operating income will record a steady increase as the operations stabilize post change in the business model over the medium term.

Moderate financial risk profile:

SPPL has moderate a moderate net worth, capital structure and moderate debt protection metrics. SPPL's net worth stood at Rs.93.84 Cr. as on March 31, 2025 (Prov.) as compared to Rs. 83.61 Cr. as on March 31, 2024. Improvement in net worth is on account of accretion for profits to reserves. The total debt, which primarily consist of short-term debt increased to Rs.67.80 Cr. as on March 31, 2025 (Prov.) against Rs.51.77 Cr. as on March 31, 2024. The gearing level and total outside liabilities to total net worth (TOL/TNW) stood at 0.72 times and 0.95 times respectively as on March 31, 2025 (prov.) as against 0.62 times and 0.98 times as on March 31, 2024. Further, the coverage indicators remained stable with debt service coverage ratio (DSCR) and interest coverage ratio (ICR) of 2.81 times and 3.31 times, respectively as on March 31, 2025 (Prov.) as against 3.16 times and 3.65 times as on March 31 2024. Debt to EBITDA stood at 3.29 times as on March 31, 2025 (prov.) against 2.85 times as of March 31, 2024. Acuite believes that the financial risk profile of the company will remain stable over the medium term as well on account of moderate net worth position.

Weaknesses

Intensive nature of working capital operations:

The working capital operations of the company are intensive in nature as reflected through the gross current assets (GCA) days of 534 days in FY2025 (Prov.) against 493 days in FY2024. The elongation in GCA days is due to higher other current assets in form of film advances and pictures under production. The debtor days stood at 66 days in FY2025 (Prov.) against 92 days in FY2024. Current ratio of the company stood at 1.24 times as on March 31, 2025 (prov.) against 1.43 times as on March 31, 2024. The business of production and distribution of films requires huge working capital to fund the operations like advance payments to movie producers for acquiring distribution or movie rights and large pre-production costs. Acuite believes that SPPL's working capital will remain intensive over the medium term, due to the nature of its business operations.

Risks incidental to the industry

The choice of acquisition of movie rights plays a crucial role in the industry. Once the rights are acquired it remains exclusive to the licensee for a period of more than 10 years from the date of production. Thus, the company would have to continuously acquire the content rights to continue to grow in the long run and that stands crucial from credit perspective. The film industry otherwise, is also exposed to event-based risks like agitations against actors, producers, which can influence the release date and cash flows of the project. During the period under production, funds are invested in it which will be released only after realization of advances. Any unexpected delay in releases will have material effect on profitability and fund flow. The performance of the film is dependent on script, reception of the film by the audience. Acts of piracy can also impact the cash flows of the project.

Rating Sensitivities

- Ability to sustain its operating performance and profitability
- Timely completion and release of movies.
- Any further elongation in working capital operations, leading to deterioration in liquidity.

Liquidity position: Adequate

The company has reported Net Cash Accruals (NCA's) of Rs.11.92 Cr. in FY2025 (Prov.) against nominal debt repayment obligations of Rs.0.24 Cr. The cash accruals are estimated to remain in the range of Rs.11-13 Cr. for FY2026-FY2027 with expected debt repayment of Rs.0.22-0.26 Cr. for the same period. The reliance on fund based working capital limits remained moderate with average utilization of ~76 percent during the past 12 months ending March, 2025. The company has unencumbered cash and bank balances of Rs.12.35 Cr. as on March 31, 2025 (Prov.) providing additional comfort towards liquidity. Acuite believes that liquidity position of steady accruals generation, buffer available from unutilized working capital limits and availability of liquid funds.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	69.98	59.37
PAT	Rs. Cr.	10.23	9.94
PAT Margin	(%)	14.62	16.74
Total Debt/Tangible Net Worth	Times	0.72	0.62
PBDIT/Interest	Times	3.31	3.65

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
05 Mar 2024	Term Loan	Long Term	1.85	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	3.37	ACUITE BBB- Stable (Reaffirmed)
	Secured Overdraft	Long Term	22.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.09	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.40	ACUITE BBB- Stable (Reaffirmed)
	Secured Overdraft	Long Term	10.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.97	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE BBB- Stable (Reaffirmed)
	Secured Overdraft	Long Term	15.00	ACUITE BBB- Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	3.32	ACUITE BBB- Stable (Reaffirmed)
06 Dec 2022	Term Loan	Long Term	1.85	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	3.37	ACUITE BBB- Stable (Assigned)
	Secured Overdraft	Long Term	22.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.09	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.40	ACUITE BBB- Stable (Assigned)
	Secured Overdraft	Long Term	10.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.97	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	10.00	ACUITE BBB- Stable (Assigned)
	Secured Overdraft	Long Term	15.00	ACUITE BBB- Stable (Assigned)
	Proposed Cash Credit	Long Term	3.32	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.32	Simple	ACUITE BBB- Stable Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BBB- Stable Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	22.00	Simple	ACUITE BBB- Stable Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2024	1.09	Simple	ACUITE BBB- Stable Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	21 Mar 2025	1.40	Simple	ACUITE BBB- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Dec 2026	1.85	Simple	ACUITE BBB- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Dec 2024	3.37	Simple	ACUITE BBB- Stable Reaffirmed
Central Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	02 Jan 2024	1.97	Simple	ACUITE BBB- Stable Reaffirmed
Central Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Oct 2031	10.00	Simple	ACUITE BBB- Stable Reaffirmed

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About Acuité Ratings & Research

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