



**Press Release**  
**PEN INDIA PRIVATE LIMITED (ERSTWHILE PEN INDIA LIMITED)**  
**March 11, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	240.00	ACUITE BBB   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	240.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of '**ACUITE BBB**'(read as **ACUITE triple B**) on Rs. 240.00 crore bank facilities of Pen India Private Limited (Erstwhile Pen India Limited) (PIPL). The outlook is '**Stable**'.

**Rationale for rating reaffirmation**

The rating reaffirmation considers moderation in the operating performance of the group. The rating factors in established track record of operations, healthy financial risk profile and adequate liquidity position of the group. However, the rating is constrained by working capital intensive nature of operations and the risks associated with the film industry.

**About the Company**

Pen India Private Limited (PIPL) is a Mumbai based film production and co-production company, which was established by Mr. Jayantilal Gada in 2000. The Constitution of PIPL changed from Public Limited Company to Private Limited Company w.e.f 05/04/2024. The company is involved in Production, Distribution and Movie Aggregation. The Distribution of movies is done through its group company namely Pen Marudhar Cine Entertainment Private Limited (PMCEPL).

**About the Group**

Pen Studios (formerly Popular Entertainment Network) is an Indian film production and distribution company established by Dr. Jayantilal Gada on 31 March 1987. The company entered into the media and entertainment industry with a video library called Popular Video Cassette Company. He subsequently ventured into trading video rights and distributing video cassettes across India, soon becoming the largest video library not just in India but also in Asia. In 1995, the business started under the name 'Popular Entertainment Network (Pen Studios)' and began to acquire video rights for movies to be distributed over various mediums such as video cassettes, satellites, terrestrial platforms etc. The Company subsequently forayed into theatrical and distribution rights of movies. Over the years, the company has adapted to changing trends by expanding into content creation and distribution for the broadcasting channel Zee. The company focuses on partnering with renowned producers and directors in the industry and promptly monetizing all the movie rights primarily in the pre-release stage.

The Pen group consists of Pen Marudhar Cine Entertainment Private Limited, Bollywood Times Private Limited and Media Network Broadcasting Private Limited. All the entities have common set of promoters, common line of business and have significant operational linkages. The group earns majority of its revenue from Pen Marudhar

Cine Entertainment Private Limited and Pen India Limited.

Pen Marudhar Cine Entertainment Private Limited, formed in 2018, is engaged in the distribution of movies. Pen Marudhar has strategically partnered with top production houses like Bhansali Productions, Red Chillies Ent., T-Series, Balaji Motion Pictures, Pooja Entertainment, and Jio Studios.

Media Network Broadcasting Private Limited became a subsidiary of Pen India Limited in March 2022. The company is engaged in licensing of television channel broadcasting. Its satellite TV channels are 'BFLIX' and 'I

LOVE' and 'MTUNES'.

Bollywood Times Private Limited earns its revenue from its Youtube Channel. It is a 100% owned subsidiary of Pen India Limited, hence the entire the revenue goes to Pen India Limited.

### **Unsupported Rating**

Not Applicable

### **Analytical Approach**

#### **Extent of Consolidation**

• Full Consolidation

#### **Rationale for Consolidation or Parent / Group / Govt. Support**

The Pen group consists of Pen Marudhar Cine Entertainment Private Limited, Bollywood Times Private Limited and Media Network Broadcasting Private Limited. All the entities have common set of promoters, common line of business and have significant operational linkages.

### **Key Rating Drivers**

#### **Strengths**

##### **Established track record of operations and experienced management**

PIPL has established track record of more than 3 decades in the industry and hence, is familiar with changing trends. The company is promoted by Mr. Jayantilal Gada, who has produced various successful movies in past such as RRR, Gangubai Kathiawadi, PS-II&II among others. The group has also established strong association with top production houses like Bhansali Productions, Red Chillies Ent., T-Series, Balaji Motion Pictures, Pooja Entertainment, and Jio Studios.

Acuite believes, the experience on the promoters in picking up commercially viable projects can favourably impact the credit profile of the company in the medium term.

##### **Healthy Financial Risk Profile**

The Pen Group has a healthy financial risk profile marked by high net worth, low gearing and moderate debt protection metrics. The group's net worth stood at Rs. 333.57 crore as on March 31, 2024 as against Rs. 304.99 crore as on March 31, 2023, on account of accretion of profits to reserves. The company's gearing stood at 0.75 times as on March 31, 2024 as against 0.35 times as on March 31, 2023, on account of subsequent increase in the short-term debt availed during the year. The company's total debt as on March 31, 2024 stood at Rs. 249.82 crore as compared to Rs. 107.93 crore as on March 31, 2023; comprising of long-term debt of Rs. 23.29 crore, short term debt of Rs. 200.69 crore which includes an adhoc limit of Rs. 185.69 crore, unsecured loans from promoters of Rs. 17.52 crore and maturing debt repayment obligation of Rs. 8.32 Crore. TOL/TNW stood at 0.95 times as on March 31, 2024. The interest coverage ratio of the company declined and stood at 3.68 times in FY24 against 23.70 times in FY23. DSCR moderated to 1.90 times in FY2024 against 18.91 times in FY2023.

Acuite believes, Pen group would maintain healthy financial risk profile over the medium term owing to healthy net worth base and absence of major long-term debt.

#### **Weaknesses**

##### **Moderation in operating performance**

The group reported operating income of Rs. 653.92 crore in FY24 as against Rs. 740.79 crore in FY23. This decline was on account of moderation in distributional and theatrical revenue. In 10MFY2025, group reported sales of Rs. 414.16 crore with EBITDA margin of ~11 per cent. The profitability also declined to 5.25 per cent in FY2024 as against 18.23 per cent in FY23. The decline was on account of increase in material cost and employee cost. The PAT margins also declined and stood at 4.32 per cent in FY24 as against 14.83 per cent in FY23.

Acuite believes, the operating performance of the group would improve steadily with accretion of returns of the successful movies in Q4Y2025 and release of promising movies in the coming year.

##### **Working capital intensive operations**

The operations of the group are working capital intensive in nature marked by GCA days of 221 days in FY24 compared against 87 days in FY23. The GCA days is driven by inventory days of 73 days in FY24 as against 46 days in FY23. The inventory levels majorly consist of stock of rights. The creditor days of

the company stood at 11 days in FY24 as against 26 days in FY23. The average bank limit utilisation by the group for the fund-based limits stood at 10.86 per cent for 07 months period ending January 2025, however group keeps on availing short term adhoc funding to bridge the working capital gap as required.

Acuite believes, the operations of the group would remain working capital intensive over the medium to long term due to the nature of business.

### **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 right content 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 continuously improve its operating performance and profitability margins
- Timely completion and release of movies
- Increased dependence on bank borrowings for production and lesser than expected recovery from movies in pipeline

### **Liquidity Position Adequate**

The liquidity position of the group remained adequate on account of sufficient net cash accruals generated during the year as against the repayment obligations. The net cash accruals of the group stood at Rs. 29.43 crore in FY24 as against Rs. 112.78 crore in FY23. The net cash accruals are expected to be in the range of Rs. 38.43 crore- Rs. 47.70 crore from FY25 - FY26. PIPL has 4 movies in pipeline which are expected to release in FY25-26 namely Sikander, Housefull 5, Baaghi 4, & Arjun Ustara. The company has already partially paid the agreement amount via internal accruals for the rights of these movies. Furthermore, the average utilization by the group remained low at 10.86 per cent for the fund-based limits for a period of 07 months ending January 2025. Also, the group maintained a cash & bank balance of Rs. 81.65 crore as on March 31 2024.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	653.92	740.79
PAT	Rs. Cr.	28.23	109.88
PAT Margin	(%)	4.32	14.83
Total Debt/Tangible Net Worth	Times	0.75	0.35
PBDIT/Interest	Times	3.68	23.70

### 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

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite 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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
12 Dec 2023	Term Loan	Long Term	63.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
	Secured Overdraft	Long Term	50.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	39.93	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
	Proposed Long Term Bank Facility	Long Term	72.07	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
	Proposed Long Term Bank Facility	Long Term	15.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
16 Sep 2022	Term Loan	Long Term	25.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	40.00	ACUITE BBB-   Stable (Reaffirmed)
	Secured Overdraft	Long Term	35.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	39.93	ACUITE BBB-   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	85.07	ACUITE BBB-   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	15.00	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 Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	72.07	Simple	ACUITE BBB   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BBB   Stable   Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE BBB   Stable   Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2027	39.93	Simple	ACUITE BBB   Stable   Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	04 Jun 2025	63.00	Simple	ACUITE BBB   Stable   Reaffirmed

## \*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No.	Name of the companies
1	Pen Marudhar Cine Entertainment Private Limited
2	Bollywood Times Private Limited
3	Media Network Broadcasting Private Limited
4	Pen India Private Limited (Erstwhile Pen India Limited)

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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