April 08, 2025

SVF Entertainment Private Limited (earlier Shree Venkatesh Films Private Limited): Ratings reaffirmed and outlook revised to Stable from Positive

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term/Short term – Fund-based/ Non-fund based working capital limits	30.0	30.0	[ICRA]BBB+ (Stable)/[ICRA]A2+; reaffirmed and outlook revised to Stable from Positive
Total	**30.0**	**30.0**	

**Instrument details are provided in Annexure I*

Rationale

The revision in the outlook on the long-term rating of SVF Entertainment Private Limited (SVF) to Stable from Positive factors in the company's subdued performance in 9M FY2025, which is likely to result in a decline in revenues in FY2025 as opposed to ICRA's revenue growth expectation. The company witnessed a 30% decline in its revenue in 9M FY2025 on account of a delay in the release of new movies, unsold satellite rights and lower share of revenue from the movie distribution business. With new releases scheduled for Q4 FY2025, the revenue is likely to recover, though it is estimated to decline by 10-12% YoY in FY2025. SVF was also expected to improve its business diversification by entering the Hindi language market. However, delays in this initiative have resulted in lower-than-estimated revenue and operating profitability.

The rating reaffirmation continues to factor in the company's established position in the Bengali media and entertainment industry with a diversified presence in movie production, distribution, exhibition, content creation for television (TV) and the over-the-top (OTT) platform, sale of satellite and internet rights of movies and music, and branding on social media. ICRA takes note of SVF's track record in producing commercially successful Bengali movies and having one of the largest movie libraries in the Bengali film industry, which provides a competitive edge and enhances its bargaining power in negotiating deals with TV broadcasters. During the last 2.5 years, the company has diversified into other language-based web series and TV serials, which, once established, is expected to support revenue growth and reduce revenue volatility to some extent. The rating also considers SVF's comfortable leverage and coverage metrics, with total outside liabilities (TOL)/total net worth (TNW) likely to remain below 1.75 times (1.7 times as on December 31, 2024) and interest coverage expected to remain above 6.0 times (8.0 times as on December 31, 2024), going forward.

The rating, however, remains constrained by SVF's moderate scale of operations and its concentrated presence in the Bengali language segment. While the company is trying to diversify into other languages, these efforts are in the nascent stage. The rating continues to factor in its exposure to the inherent risks associated with content production and the distribution business such as piracy, seasonality in business and audience rejection risks. The rating also considers SVF's substantial investments in Group entities including its wholly-owned subsidiary, Hoichoi Technologies Private Limited (HTPL), owner of the Bengali OTT platform – Hoichoi, which turned profitable only in FY2024 and is yet to generate commensurate returns for the company. HTPL achieved operating income of Rs. 77 crore in FY2024 with an operating profit of 1.8%. While the management, as per their stated policy, does not envisage providing any support to HTPL, its ability to scale up the profitability on a sustained basis without incremental support remains critical from a credit perspective and will continue to be a key rating monitorable.

ICRA notes that the company has invested ~Rs. 57 crore in the debentures of Alexcy Marketing Pvt Ltd (AMPL; SVF's parent) as on December 31, 2024. While a portion of the same was returned as of March 2025, the management does not expect it to remain on the balance sheet as SVF is able to generate adequate cash profits to meet its working capital requirements and planned capital expenditure (capex) of Rs. 10-15 crore in FY2026 as well as FY2027. The surplus liquidity at SVF is expected to be transferred to the Group company for investment in financial markets. Thus, ICRA will continue to monitor the liquidity profile on an ongoing basis and any higher-than-expected investment, resulting in pressure on SVF's cash flows or liquidity, would be a credit negative.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company would be able to witness a recovery in the revenue in the near to medium term on the back of improved business diversification, while maintaining healthy operating profitability, strong coverage metrics and adequate liquidity.

Key rating drivers and their description

Credit strengths

Established presence across diversified media platforms; track record of producing commercially successful Bengali movies – Incorporated in 1995, SVF is present across multiple media platforms. While the promoters have a successful track record of more than 28 years in the production and distribution of Bengali movies, the company, over the years, has also diversified into content creation for TV and the OTT platform, exhibition, digital cinema (digitisation of cinema screens), sale of satellite, internet rights of movies, music, and branding on social media. During the last 2.5 years, SVF has diversified into other language-based web series and TV serials, which, once established, is expected to support revenue growth and reduce revenue volatility to some extent.

Comfortable capital structure and debt coverage metrics – The company's debt primarily comprises working capital borrowings. SVF's limited dependence on debt due to sizeable advances received from customers has kept its gearing low (0.2 times as on December 31, 2024). Its debt coverage metrics also remained comfortable because of low debt and adequate profit margins, reflected in the interest coverage of 8.0 times, TOL/TNW of 1.4 times and net debt/OPBDITA of -0.1 times as on December 31, 2024. ICRA expects SVF to maintain interest coverage of over 6.0 times and TOL/TNW below 1.75 times, going forward.

Long-term contracts mitigate revenue risk – Over the past few years, SVF has been entering into an annual contract with a major national TV broadcaster for the sale of the satellite rights of its recently released/upcoming movies and TV series. In FY2023, the company had entered into a deal with Jio Studios (JS) for the production of movies till August 2026, whereby the satellite rights for JS-approved movies will be purchased by the latter at a predetermined price, reducing the risks associated with the film production business. Further, it has entered into a library deal with Viacom18 towards the sale of satellite and internet rights for the next six years (FY2024-FY2030), providing partial revenue visibility.

Credit challenges

Regional player with major part of revenues derived from Bengali movies and TV content production – The company is a leading movie production and distribution entity in eastern India. Nevertheless, its movie and TV content production activities, which are the key revenue drivers, are mainly limited to the Bengali language, restricting its overall scale of operations. This concentration impacts the revenue profile in case of delays in new movie releases in the regional market, as reflected in the 30% YoY decline in revenue in 9M FY2025. However, it is trying to diversify into other languages. SVF has started dubbing its original content in other languages and has also recently produced two web series in the Tamil language. Moreover, the company has entered into a contract with Sony for producing a Hindi TV show, which is likely to start in Q1 FY2026.

Substantial financial exposure to Group entities, which are yet to generate commensurate returns – As on December 31, 2024, SVF had made a substantial investment of ~Rs. 114 crore (97% of its net worth) in several Group entities. The majority of this investment is in HTPL, which operates the Bengali OTT platform – Hoichoi. During FY2019 to FY2023, SVF made sizeable incremental investments in HTPL. As on March 31, 2023, these stood at Rs. 44.7 crore (including equity of Rs. 18.2 crore and debentures of Rs. 26.58 crore) against Rs. 7.6 crore in FY2018. With HTPL's cash flow turning positive in FY2024 and given the maintenance of the same in FY2025, no incremental support has been provided. While the management, as per their stated policy, does not envisage providing any support to HTPL, its ability to scale up the profitability on a sustained basis without any incremental support remains critical from a credit perspective and will continue to be a key rating monitorable.

Liquidity position: Adequate

SVF's liquidity position is adequate with annual cash accruals likely to cross Rs. 20 crore vis-à-vis the planned capex of Rs. 10-15 crore in FY2026 as well as FY2027 and scheduled principal repayments of ~Rs. 1 crore over the next two years. It had a free cash and bank balance of ~Rs. 9 crore as on March 21, 2025, in addition to undrawn working capital limits of ~Rs. 10 crore against the sanctioned limit of Rs. 39.5 crore, which supports its liquidity position. The company also had mutual fund and equity investments of ~Rs. 48 crore as on March 21, 2025. ICRA notes that the management plans to transfer the surplus liquidity from SVF to its Group companies for investment in financial markets in the near future. Thus, ICRA will continue to monitor the liquidity profile on an ongoing basis and any higher-than-expected investment, resulting in pressure on SVF's cash flows or liquidity, would be a credit negative.

Rating sensitivities

Positive factors – ICRA may upgrade SVF's ratings if there is a sustained improvement in the scale of operations and profitability along with improved business diversification and liquidity. Monetisation of any investment in subsidiaries/Group companies, generating significant returns, will also be a credit positive.

Negative factors – Sustained pressure on earnings, impacting the cash flows and coverage metrics, may lead to pressure on the company's ratings. Any large investments, leading to the weakening of the liquidity position, or any large debt-funded investments, materially impacting the coverage and leverage metrics, could also result in a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone assessment of SVF while factoring in the funding support it is expected to extend to select material subsidiaries, which are enlisted in Annexure II.

About the company

SVF, incorporated in 1995 and promoted by Mr. Shrikant Mohta and Mr. Mahendra Soni, is present in the media and entertainment industry with a diversified presence through the production and distribution of movies, production of TV serials and events, trading of satellite and internet rights of movies, music, etc, digital cinema, exhibition business and others. The company, through its subsidiary, also owns an OTT platform – Hoichoi. The majority of its content is in the Bengali language. At present, SVF's physical presence – mainly theatre screens – is also concentrated in West Bengal.

Key financial indicators (audited)

SVF	FY2023	FY2024	9M FY2025*
Operating income	153.7	216.7	131.4
PAT	9.7	17.0	14.5
OPBDIT/OI	17.7%	10.6%	13.6%
PAT/OI	6.3%	7.8%	11.0%
Total outside liabilities/Tangible net worth (times)	1.3	1.7	1.4
Total debt/OPBDIT (times)	0.7	0.9	1.1
Interest coverage (times)	12.7	10.4	8.0

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; * Provisional numbers*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	April 08, 2025	Date	Rating	Date	Rating	Date	Rating
Long term/ Short term-others – Fund based/Non-fund based	Long term/ Short term	30.00	[ICRA]BBB + (Stable)/ [ICRA]A2+	-	-	Mar-22-2024	[ICRA]BBB+ (Positive)/ [ICRA]A2+	Jan-20-2023	[ICRA]BBB+ (Stable)/ [ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund-based/Non-fund based – Working capital (long term/ Short term)	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Fund based/Non-fund based – Working capital**	February 2024	NA	NA	30.0	[ICRA]BBB+ (Stable)/ [ICRA]A2+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	SVF ownership	Consolidation approach
Hoichoi Technologies Private Limited	100%	Limited consolidation

Source: Company Annual Report

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