



Press Release

Rockline Entertainments Private Limited

July 04 2025

Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	35.10	IVR BB-/ Stable (IVR Double B Minus with Stable Outlook)	--	Rating Assigned	Simple
Long Term Bank Facilities	0.00 (Reduced from Rs. 18.25 crore)	--	IVR B-/ Negative; ISSUER NOT COOPERATING (IVR B Minus with Negative Outlook; ISSUER NOT COOPERATING*)	Rating Withdrawn#	Simple
Long Term Bank Facilities	0.00 (Reduced from Rs. 15.97 crore)	--	IVR B-/ Negative; ISSUER NOT COOPERATING (IVR B Minus with Negative Outlook; ISSUER NOT COOPERATING*)	Rating Withdrawn#	Simple
Total	35.10 (Rupees Thirty-Five crore and Ten Lakh only)				

**Issuer did not cooperate; based on best available information*

#Infomerics has withdrawn the ratings for this facility on the basis of request by the company, and no dues certificate by the banker. The rating is withdrawn in line with Infomerics policy of Withdrawal of rating

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.



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Detailed Rationale

Infomerics has assigned the ratings to the bank facilities of Rockline Entertainments Private Limited (REPL) derives comfort from significant improvement in revenue in FY24, maintenance of escrow mechanism and extensive experience of promoters in the Indian film industry. These strengths are partially offset by leveraged capital structure and below average debt protection metrics, renewal risk of lease agreements, competitive industry and susceptibility of operating margin to volatility inherent in the film industry.

Infomerics Ratings has also withdrawn its rating assigned to term loan and overdraft facilities based on request of the company and no dues certificate received from the lender and the withdrawal of the ratings is in line with the Infomerics Policy of Withdrawal

The Stable outlook of REPL reflects benefit from experienced promoters, better revenue visibility and theatre income.

Key Rating Sensitivities:

Upward Factors

- Substantial growth in scale of operations with improvement in profitability on a sustained basis
- Improvement in the overall financial risk profile and the liquidity position.
- Increase in occupancy levels and renewal of upcoming expiring lease at higher than present rates along with more favorable terms leading to generation of more than expected cash surplus will provide support to rating

Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators on a sustained basis
- Any deterioration in its liquidity profile with elongation in operating cycle.
- Non- renewal/ fresh tie-ups at competitive rates upon the expiry of lease tenor termination of lease agreement with any of the major tenants leading to reduction in occupancy rates and/or cash surplus



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List of Key Rating Drivers with Detailed Description

A. Key Rating Strengths

Significant improvement in revenue in FY24, albeit decline in operating profitability

REPL's revenue has significantly improved to Rs. 56.21 crore in FY24 (period refers from April 01, 2023, to March 31, 2024) (P.Y.: Rs. 3.22 crore) due to significant increase from movie business. As during FY24, two movies i.e. Kaatera and Karataka Damanaka had earned good revenue thus generated significant box office collections. However, EBITDA margin and PAT margin have declined to 6.12% and 2.46% respectively in FY24 (P.Y.: 57.93% and 26.68% respectively). Profitability has declined due to production and movie related expenses incurred during FY24.

Extensive experience of promoters in the Indian film industry

REPL promoters are widely experienced in the Indian film industry with presence mainly in the South Indian film industry. The major film projects concluded by the REPL include Maas, Lingaa & Bajrangi Bhaijaan.

Maintenance of escrow mechanism for lease rental

REPL is required to maintain a DSRA equivalent to three months EMI which includes interest and principal amount. There is an escrow account mechanism in place as per which all rent receivables are to be directly deposited into the escrow account and utilized first for debt servicing before release of any surplus cash flows. The presence of an escrow mechanism provides comfort in the form of restricting cash flow fungibility.

B. Key Rating Weaknesses

Leveraged capital structure and weak protection metrics

REPL's capital structure marked by overall gearing and TOL/TNW marked by its low net worth and high leverage ratios. The overall gearing and TOL/TNW stood high at 3.68x and 5.01x respectively as on March 31, 2024 (P.Y.: 3.99x and 4.72x respectively) The net worth base of the company stood low at Rs.14.74 crore as on March 31, 2024. The debt protection metrics remained weak marked by interest coverage ratio which stood at 0.86x in FY24 (P.Y.: 1.00x).



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Competitive industry and uncertainty in customer preferences

Revenue in movie business is highly dependent on customer preferences. In the movie industry, consumer preferences are evolving, influenced by factors like the rise of OTT platforms, changing viewing habits, and the impact of technology. Consumers are increasingly drawn to the convenience and affordability of streaming services, impacting traditional theatrical releases and the overall viewing experience. Thus, the changing customer preferences may impact the revenue growth of the company in the long term.

Susceptibility of operating margin to volatility inherent in the film industry

Fluctuations in profitability will continue to affect operations and will remain dependent on the number of movies being released and success of films. The availability of other forms of entertainment and new properties expose the firm to challenges of sustaining growth and profitability.

Renewal risk of Lease Agreements

The lock-in period is 2 years after which the tenants can move out by serving the notice period. Going forward, the company's ability to avoid any premature termination of lease agreements is to be seen. Timely renewal of agreements will remain a key sensitivity over the medium term.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Service Sector Companies.](#)

[Rating Methodology for Lease Rental Discounting](#)

[Policy of Withdrawal of Ratings](#)

[Policy of Issuer Not Cooperating](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity: Stretched



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The liquidity position of the REPL appears to be stretched marked by its expected cash accruals which are in the range of Rs. 7.97 crore to Rs. 25.81 crore in the period of FY25 to FY27 as against repayment in the range of Rs. 11.97 crore to Rs. 11.37 crore in the same period. The free cash and cash equivalents balance stood at Rs. 5.76 crore as on March 31, 2024. Current ratio stood at 2.11x as on March 31, 2024 (A).

About the company

REPL is an Indian film production and distribution company established in 1996 by Thirupathi Narasimhalunaidu Venkatesh. The company was incorporated in the year 2005 and is headquartered in Bangalore and has produced films in Kannada, Telugu, Tamil, Hindi and Malayalam languages. It has made movies featuring India's biggest superstars Salman Khan, Rajinikanth, Vikram, Puneeth Rajkumar and Upendra.

The company also operates mall namely "Rockline mall & cinemas" and has rented some of their premises on rent. Moreover, it also receives income from theatre, which is located in the mall.

Financials (Standalone):

(Rs. crore)

For the year ended / As On*	31-03-2023 (Audited)	31-03-2024 (Audited)
Total Operating Income	6.11	56.39
EBITDA	3.54	3.45
PAT	2.56	1.46
Total Debt	53.61	54.28
Tangible Net Worth	13.45	14.74
EBITDA Margin (%)	57.93	6.12
PAT Margin (%)	26.68	2.46
Overall Gearing Ratio (x)	3.99	3.68
Interest Coverage (x)	1.00	0.86

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: None.



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Rating History for last three years:

Name of Instrument/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
	Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
				January 22, 2025	December 06, 2023	November 30, 2022
Fund Based – Term Loan	Long Term	35.10	IVR BB-/ Stable	--	--	--
Fund Based – Term Loan	Long Term	0.00 (Reduced from Rs. 18.25 crore)	--#	IVR B- /Negative; ISSUER NOT COOPERATI NG*	IVR B /Negative; ISSUER NOT COOPERATI NG*	IVR B+; ISSUER NOT COOPERATI NG*
Fund Based – Overdraft	Long Term	0.00 (Reduced from Rs. 15.97 crore)	--#	IVR B- /Negative; ISSUER NOT COOPERATI NG*	IVR B /Negative; ISSUER NOT COOPERATI NG*	IVR B+; ISSUER NOT COOPERATI NG*

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Term Loan (LRD)	-	-	-	Upto September 2038	35.10	IVR BB-/ Stable
Term Loan	-	-	-	-	0.00 (Reduced from Rs. 18.25 crore)	--#
Overdraft	-	-	-	-	0.00 (Reduced from Rs. 15.97 crore)	--#

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Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-rockline-jul25.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.