

August 6, 2010

CARE ASSIGNS 'CARE BBB' RATINGS TO THE BANK FACILITIES OF USHAKIRON MOVIES LTD.**Ratings Assigned**

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	11.50	'CARE BBB' (Triple B)	Assigned
Total Facilities	11.50		

Rating Rationale

The rating takes into account promoter's experience and support from the group, experienced and professional management, low gearing ratios and growth of tourist arrivals to Ramoji Film city. The rating is however, constrained by small size of operations, dependence upon film industry for leasing of locations, high operating costs, fluctuating profit margins and venturing into film financing/production and risk associated thereon. The ability of the company to improve its profitability and increase in the volume of film business are the key rating sensitivities.

Background

Ushakiron Movies Ltd. (UKML), promoted by Shri Ramoji Rao, was incorporated in September 1987. UKML is a part of Eenadu – Margadarsi Group engaged in diverse business activities like finance, publishing, broadcasting of TV channels, hotels, foods, movie production, etc. UKML owns and operates Ramoji Film City, the world's largest film studios located in Hyderabad.

UKML has registered net sales of Rs.87 crore and PAT of Rs. 3 crore in FY09. For FY10 (Prov) the company registers net sales of Rs. 84 crore and PAT of Rs. 3 crore.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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

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