THE FINANCIAL EXPRESS
www.financialexpress.com
MH/MR/SOUTH-218/2006-08
THURSDAY, JULY 10, 2008 MUMBAI VOL XXXXVII NO 99 28 PAGES Rs 4
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Shree Ashtavinayak ramps up movie production business

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Mumbai, Jul 9

Shree Ashtavinayak Cine Vision, a leading Hindi movie producer and distributor is planning to increase the number of movies produced every year. The company is also planning to invest about Rs 900 crore and foray into making Tamil and Telugu films. The company was listed on the Bombay Stock Exchange in 2006 and since then, has been producing only two films per year. Before listing, the company used to make one film in two years. However, from this year onwards, the company will release at least five films in a year with at least one regional film. Besides this, Ashtavinayak has already inked 20-22 movie projects which will be released by mid of 2011.

Recently, it had issued foreign currency convertible bonds (FCCB) worth around Rs 132 crore with an option to raise an additional $5 million and also opened a subsidiary in the UAE. The bonds have a maturity of five years and are due in 2012. The proceeds shall be utilised for the production of films and purchase of IPR of foreign films. The company raised some capital during its IPO in 2006. The company has also been supported by banks like Axis, IDBI, Canara and State Bank of India.

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Dhilin H Mehta, managing director, Shree Ashtavinayak Cine Vision, told *FE*, "Our main revenue comes from movie production business, which contributes about 50-55% to the overall revenue of the company." This year, the company has entered the South Indian film industry and has already produced a small-budget film. In the next two-three years, the company plans to release 4-5 Tamil and Telugu films as Mehta feels 'these are very good markets as far as performance is concerned".

As far as the company's film distribution business is concerned, Mumbai remains main area of focus. However, the company now plans rapid geographical growth. The total revenue of the company is approximately Rs 98 crore and profit after tax (PAT) is Rs 12.7 crore. Around 50-55% of the revenue is generated through film production, and 40-45% from distribution. The compounded annual growth rate (CAGR) of the company is about 50% both in top line and bottom line.