



A) About Company:

The company specializes in **VFX services**, which are essential for films, advertising, gaming, and other visual content industries. This industry caters to both domestic and international markets.

VFX Industry size in Calendar Year 2020 around Rs. 905 Cr.

VFX Industry size in Calendar Year 2023 around Rs. 5,436 Cr.

Expected VFX Industry for Calendar Year 2030 is Rs. 15,313 Cr.

In Calendar Year 2023, movies dominate the market with a 39.7% share, followed by television (27.6%), gaming (17.7%), advertisements (10.6%), and others (4.4%).

Company portfolio includes upcoming projects like **Tanaav 2, Criminal Justice 4**, and completed projects include **Khel Khel Mein, Murder in Mahim, Bad Cop, The Crew, Article 370, Mission Raniganj, Dream Girl 2, Adipurush, Indian 2, Rocket Boys, Bob Biswas, Kutch Express, Ek Villian Returns, Night Manager, Criminal Justice 3, Phone Bhoot, Satyamev Jayate 2, Angrezi Medium, Scam 1992: The Harshad Mehta Story, Good Newwz, Panipat** and many more.

B) Financials of the company:

In Cr.

Particulars	September 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations	11.39	20.09	8.04	3.89
EBITDA	4.23 (37.12%)	7.62 (37.92%)	2.32 (28.82%)	0.70 (18.07%)
PAT	2.41 (21.11%)	5.35 (26.62%)	1.61 (20.05%)	0.51 (13.10%)
ROCE	25.80%	103.52%	108.80%	81.40%
D/E Ratio	0.01	0.02	-	-
CFOA	(2.99)	1.89	2.35	(0.11)

C) Comparison with peers:

Companies	Revenue	EBITDA	PAT	D/E Ratio	MCap	P/E
Identical Brains Studios (FY 2024)	20.09 Cr.	7.62 Cr. (37.92%)	5.35 Cr. (26.62%)	0.01	75.74 Cr.	14.15
Prime Focus Limited (TTM)	3,424 Cr.	353 Cr. (10%)	(267 Cr.)	11.60	3,993 Cr.	In Loss
Digikore Studios (TTM)	42.33 Cr.	9.57 Cr. (22.61%)	6.34 Cr. (14.98%)	0.55	187 Cr.	29.40
Phantom Digital Effects (TTM)	83 Cr.	38 Cr. (45%)	22 Cr. (26.51%)	0.29	353 Cr.	16
Basilic Fly Studio (TTM)	85 Cr.	38 Cr. (45%)	28 Cr. (32.94%)	0.26	829 Cr.	30

D) Objects of the Issue:

Capital Expenditure: Rs. 7.56 Cr.
Working Capital Requirements: Rs. 7.04 Cr.

E) IPO details:

Fresh Issue: 19.95 Cr.
Price Band: Rs. 51 to Rs. 54 per share
Lot Size: 2,000 shares.
Market Cap: Rs. 75.74 Cr.



F) Positive and Negative Points:

Positive:

- a) Debt free company.
- b) Valuation seems reasonable as compared to peers.
- c) The company operates in the VFX industry, making comparisons with other small-sized peers relevant.
- d) The company has shown good revenue growth.
- e) EBITDA and PAT margins improving year by year.

Negative:

- a) Operating Cash flow either negative or low cash conversion ratio.
- b) Delays in project timelines and industry disruptions, such as the Hollywood writer's strike, have impacted the VFX sector.
- c) Reduced outsourcing from major OTT platforms like Disney+ and Netflix due to cost-cutting measures may impact revenue.
- d) Client concentration as 96.41% of revenue is generated from top 10 customers.
- e) The company faces challenges in attracting and retaining skilled artists due to global competition and salary pressures.
- f) The company has faced corporate governance concerns in the past, including repeated failures to file MCA forms and GST returns on time.