



I P O R E S E A R C H D E S K

RESEARCH REPORT DATED 19 AUGUST 2026

Sunshine Pictures Limited

Mainboard IPO — Research Note

ISSUE DATES	18 – 20 August 2026 · Anchor book 17 August 2026
PRICE BAND	₹342 – ₹360 per share (face value ₹10)
LOT SIZE	41 shares · Retail minimum ₹14,760
ISSUE SIZE	₹282.14 Cr — Fresh ₹172.80 Cr / OFS ₹109.34 Cr
LISTING	BSE & NSE · Allotment 21 Aug · Listing 25 Aug 2026 (tentative)
LEAD MANAGER	GYR Capital Advisors Pvt. Ltd. · Registrar: Bigshare Services

SECTOR Media & Entertainment — Film, Web Series & Music Production	FINANCIALS Rev ₹74.4 Cr (FY26) · PAT ₹40.0 Cr · 2-yr revenue CAGR –25%
VALUATIONS P/E 28.0x post-issue · P/B 6.5x · peer set not truly comparable	DEMAND Anchor 30% of issue · QIB 0.04x · NII 9.5x · Retail 7.5x (Day 2)
GMP ₹73 – ₹77 · ~20–21% over ₹360 · 19 Aug 2026	RECOMMENDATION APPLY (listing gains)

I P O R E S E A R C H D E S K

Prepared for BHNI investors · Listing and short-term momentum mandate

2. Executive Summary

Sunshine Pictures is Vipul Shah's production house — the shop behind Force, Commando, Holiday and, most consequentially, The Kerala Story. It originates, produces, markets and distributes feature films, web series and music, either on its own balance sheet (where it keeps the IP) or as a fee-earning co-producer alongside Jio Studios, Zee Studios, Reliance Entertainment and Fox Star. FY26 closed at ₹74.44 Cr of operating revenue and ₹40.02 Cr of PAT. Put those two numbers side by side and the oddity is immediate: revenue has fallen for two consecutive years, from ₹133.80 Cr in FY24, while reported profit went up and the EBITDA margin printed 78.65%. That is not operating leverage. That is ₹67.70 Cr of production cost sitting in inventory instead of in the profit and loss account.

The issue is ₹282.14 Cr — ₹172.80 Cr fresh, ₹109.34 Cr offer for sale, so 38.8% OFS, which is below our exit-signal threshold. Thirty per cent of the book went to anchors on 17 August. The anchor list is where this issue separates itself from the pack, and not in a good way: nine names, ₹84.64 Cr, and the circular states in plain language that NIL shares went to domestic mutual funds and NIL to insurance and pension funds. Institutional apathy has carried into the book itself — QIB is at 0.04x after two days while retail sits at 7.5x and the HNI bucket at 9.5x. Grey market is quoting ₹73–77, roughly 20–21% over the ₹360 cap. This is a retail-and-HNI-funded issue with a grey market doing the heavy lifting, and the sponsorship around it — a sole lead manager with 61 SME issues behind it and one mainboard transaction, an anchor list of the ticket size and profile you normally see on an SME book — reads the same way.

We are still buyers of the listing print. The float is small, the demand curve is steep and pointed in the right direction, the reported multiple of 28x post-issue does not look silly next to Panorama Studios at 81x, and the name carries recall that plays well on a listing screen. What we will not do is confuse the setup with the business. Our expectation is a 12–15% listing band, deliberately set below the GMP-implied 20–21%, because the accounting quality and the anchor composition both argue for a discount to the grey market.

One point of sequencing matters more than usual this week, and we deal with it in full in Section 13. Gaja Alternative Asset Management is open 19–21 August and is the better-sponsored of the two issues. Capital committed to Sunshine does not come back in time to be redeployed there. Capital committed to Lalithaa Jewellery Mart does. For a bHNI running a finite book, that is the decision — not the merits of Sunshine in isolation.

Recommendation	Listing-Day View	Momentum View (T+2 - T+5)
APPLY (listing gains)	Positive — 12–15% expected band over ₹360 (≈ ₹403–414)	Neutral. Trail the print; do not carry into the working-capital cycle

Expected listing band is the desk's own estimate, set below the prevailing GMP. It is an estimate, not a forecast, and carries no assurance.

3. Company Overview & Business Model

Incorporated in 2007 and based in Andheri West, Mumbai, Sunshine Pictures develops, produces, markets and distributes content across three formats — theatrical feature films, web series and digital originals, and music. It runs two distinct verticals alongside the core film business: Sunshine Music, which monetises soundtrack and publishing rights, and Sunshine Digital, which houses the originals slate.

Where the money actually comes from

Two production models sit side by side, and they have very different risk profiles. In sole production the company finances and executes the project itself and retains full IP — theatrical share, OTT licensing, satellite, music and dubbing rights all accrue to it, and so does the entire downside if a title does not connect. In co-production it partners with a studio, typically for a fixed fee or a defined share, which caps both the loss and the upside. The reported margin profile is a blend of the two, and the mix shifts year to year depending on what is releasing. That is the single most important thing to understand about the numbers in Section 8: the P&L is a function of what was delivered and monetised in that twelve-month window, not of an underlying run rate.

Revenue recognition follows content delivery and rights monetisation milestones, not calendar activity. A film in production sits in inventory as work-in-progress until the monetisation event lands. This is standard for the industry and entirely defensible as accounting. It is also the reason a content producer's annual accounts should be read as a snapshot of a release calendar rather than as a measure of business momentum.

Operating scale

Twenty-eight full-time employees. That is the whole permanent organisation. Crews, technicians, department heads and talent are engaged project by project, frequently on profit-share rather than fixed fee; equipment is rented rather than owned. The structure is asset-light by design and it is the reason return on capital employed prints at 36% on a business this small. It also means the company carries almost no capacity of its own — every project is a fresh assembly.

Promoters and management

Vipul Amrutlal Shah, Shefali Vipul Shah, Aryaman Vipul Shah and Maurya Vipul Shah are the promoters, holding 100% pre-issue and 74.84% post-issue. Vipul Shah has been directing and producing for over twenty-five years and is the creative centre of the enterprise; the pitch, stripped of packaging, is that you are underwriting one producer's ability to keep picking commercially viable subjects. Vipul Shah and Shefali Shah are the two selling shareholders in the OFS, at weighted average acquisition costs of ₹0.87 and ₹0.44 per share respectively. Founder cost bases are always low and we do not read this as a governance flag, but it is worth stating plainly what the arithmetic is.

What could break the model: a two-film miss in consecutive years. With 28 permanent staff and a rented cost base there is no operating cushion to absorb a bad slate, and with 74.81%

of revenue coming from the top five counterparties there is no long tail to fall back on either. The business is built to be brilliant in a good year and thin in a bad one.

4. Market Position & Client Base

Sunshine sits in the mid-tier of Indian content producers — well below the Dharma, Yash Raj and Maddock scale, comfortably above the one-film independents. It has no disclosed market share in any meaningful sense, and in a business where the unit of production is a single title, share is not a useful frame anyway. What matters is whether the house gets its calls taken by the platforms and the studios, and on that evidence it does.

Who the customers are

The counterparties are studios and platforms, not consumers: Jio Studios, Amazon, Zee Studios, Reliance Entertainment, Fox Star, plus satellite and music licensees. The disclosed concentration is severe — the top five customers accounted for 74.81% of FY26 revenue. In most sectors we would treat that as a structural defect. Here it needs a slightly different reading: a producer with three titles monetising in a year will mechanically show high concentration because there are only three counterparties. The concentration is a symptom of the project-based model rather than an independent risk. That said, symptom or not, the cash still depends on a handful of names honouring a handful of contracts, and Section 8 shows those contracts are being collected very slowly.

What the moat actually is

There are two candidates and only one of them is real. The weaker claim is process and technology — the company describes itself as technology-driven, which in production terms means a disciplined pre-visualisation and post-production workflow. That is table stakes now, not a moat. The stronger claim is IP and relationship capital: a library of monetisable titles, an established franchise in The Kerala Story with a third instalment in the slate, and the kind of platform access that lets a mid-tier house get an Amazon or a Jio commission without a bidding war. Franchise ownership is the one durable asset here. Everything else is rebuilt each project.

Competitive frame

Listed comparables are few and unhelpful. Panorama Studios International runs a distribution-heavy model at ₹308.50 Cr of revenue and 10.5% EBITDA margin. Baweja Studios is a smaller production house at ₹68.94 Cr. Balaji Telefilms is a ₹210.83 Cr television and digital business currently loss-making. None of these is a clean read-across on either scale or model, which is why we place very little weight on the peer multiple in Section 9.

5. Geographic Distribution & Revenue Model

The business is predominantly domestic, but the export line has moved meaningfully and is worth flagging. Overseas revenue rose from 3.2% of the total in FY24 to 13.45% in FY26 — a fourfold shift in mix over two years, driven by international theatrical and overseas OTT licensing. On a ₹74 Cr revenue base that is roughly ₹10 Cr of foreign-currency receipts, which is not large enough to create a hedging problem but is large enough to be a genuine growth vector if the diaspora theatrical market holds up.

Revenue Mix	FY24	FY25	FY26
Domestic (%)	96.8	n.a.	86.6
Export / Overseas (%)	3.2	n.a.	13.5
Revenue from Operations (₹ Cr)	133.80	103.33	74.44

FY25 split not separately disclosed in the material reviewed. Percentages as disclosed by the issuer.

Monetisation channels

A single title is monetised across five windows: theatrical box-office share, OTT licensing, satellite television rights, music and publishing rights, and dubbing or regional-language rights. The commercial consequence is that one successful film generates a staggered cash profile over eighteen to thirty months rather than a single settlement. That is what makes the annual P&L lumpy and it is also what makes the working-capital cycle in Section 8 as long as it is.

Channel mix is not disclosed at a line-item level, which is a genuine gap. We can see that the company earns across all five windows; we cannot see how much of FY26's ₹74.44 Cr came from theatrical versus licensing. For a listing-window call this does not change our conclusion, but any investor thinking beyond the momentum window should treat that opacity as a reason to demand a discount rather than pay a premium.

6. Content Pipeline & Production Slate

For a production house the slate is what R&D is to a pharmaceutical company — it is the only forward-looking asset on the page, and it is the reason the balance sheet carries ₹75.06 Cr of inventory. Reading the pipeline is therefore not optional colour; it is the valuation.

Disclosed slate

Six films and two web series are in the pipeline. The three named projects that matter are Hisaab, commissioned with Jio Studios; Nanavati vs Nanavati, an Amazon series; and The Kerala Story 3, the third instalment of the company's only genuine franchise. The first two are platform-commissioned, which means they are substantially de-risked on the revenue side — the fee is contracted whether or not the show finds an audience. The third is the high-variance bet: franchise economics work spectacularly when they work, and The Kerala Story was the outlier that made FY24.

The ₹67.70 Cr of production cost carried as inventory is, in effect, the slate capitalised. Every rupee of it converts to revenue only when a monetisation milestone lands. That is why the fresh issue is going almost entirely into working capital rather than into capacity — the company is not buying assets, it is funding the gap between spending on a film and being paid for it.

What we would want to know and cannot: the release calendar. The disclosure names the projects but does not commit to windows. For a business where FY24 delivered ₹133.80 Cr and FY26 delivered ₹74.44 Cr on the strength of what happened to release in each year, timing is the entire variable. An investor buying the story rather than the print is buying an undated slate.

Digital and music

Sunshine Music and Sunshine Digital are the two adjacent verticals. Both are small relative to the film business today. The strategic logic is sound — soundtrack rights and digital originals extend the monetisation of the same creative capacity — but neither is yet at a scale where it changes the earnings profile. Treat them as optionality, not as a second leg.

7. IPO Structure & Use of Proceeds

Issue Structure

Particulars	Amount (₹ Cr)	% of Total
Fresh Issue (48,00,034 shares)	172.80	61.2%
Offer for Sale (30,37,157 shares)	109.34	38.8%
Total Issue Size (78,37,191 shares)	282.14	100.0%

At the upper price band of ₹360. Post-issue market capitalisation ₹1,121.36 Cr.

Use of Proceeds — Fresh Issue

Objective	Amount (₹ Cr)	% of Fresh Issue
Funding working capital requirements	112.50	65.1%
General corporate purposes & issue expenses	60.30	34.9%
Total Fresh Issue	172.80	100.0%

Two-thirds of the fresh money is going into working capital. Given a receivable cycle that has stretched to 233 days and ₹75.06 Cr locked in unfinished content, that is the honest use of the proceeds — the company needs the cash to fund the gap between production spend and collection. It is not, however, growth capital. Nothing here builds capacity, buys IP or acquires a library. The fresh issue plugs a cash-conversion hole; investors should price it as such.

Category reservation and the anchor

Category	Shares	% of Issue	Max. Allottees
QIB (incl. anchor)	39,18,576	50%	—
of which Anchor (17 Aug)	23,51,140	30%	9 investors
Non-Institutional (NII)	11,75,592	15%	2,047
— sHNI (₹2–10 lakh)	3,91,864	5%	683
— bHNI (above ₹10 lakh)	7,83,728	10%	1,365
Retail (RII)	27,43,023	35%	66,903

Max. allottee counts are indicative, drawn from category reservation divided by minimum bid size. Anchor lock-in 30 days for 50% of the allocation and 90 days for the balance.

OFS at 38.8% sits below the 50% line at which we treat an issue as an existing-investor exit. Promoters retain 74.84% post-listing and no financial investor is selling — there is no private equity or venture fund unwinding here, only the two founding shareholders taking ₹109 Cr off the table on a cost base of well under a rupee a share. We would not hold that against the issue. The number to watch instead is the free float on listing day: with 23,51,140 anchor shares locked for at least 30 days, only about 54.9 lakh shares — roughly ₹197 Cr at the cap — are actually tradable on day one. A thin float cuts both ways, and on a well-subscribed issue it usually cuts in the applicant's favour.

GYR Capital Advisors is the sole book running lead manager and Bigshare Services is the registrar. We deal with GYR's track record at length in Section 10, and it is one of the two things about this issue that gives us pause.

8. Financial Performance Analysis

Profit & Loss (₹ Cr)

Particulars	FY24	FY25	FY26
Revenue from Operations	133.80	103.33	74.44
Other Income	5.66	2.47	1.83
Total Income	139.46	105.80	76.27
EBITDA	73.97	50.76	58.55
EBITDA Margin (%)	55.3	49.1	78.7
Profit After Tax	53.35	34.46	40.02
PAT Margin (%)	39.9	33.4	53.8

Restated consolidated financials. FY = April–March. Margins computed on revenue from operations.

Balance Sheet & Cash Flow (₹ Cr)

Particulars	FY24	FY25	FY26
Net Worth	70.60	105.07	145.13
Total Debt	16.67	11.16	9.09
Debt / Equity (x)	0.24	0.11	0.06
Total Assets	97.38	131.28	179.64
Inventory (content WIP)	n.a.	n.a.	75.06
Cash Flow from Operations	n.a.	n.a.	(33.21)
Return on Equity (%)	n.a.	39.2	32.0
Return on Capital Employed (%)	n.a.	41.2	36.2
Receivable Days	11	n.a.	233

FY24 and FY25 operating cash flow not separately disclosed in the material reviewed. Figures as restated by the issuer.

What the trajectory actually says

Revenue has gone backwards two years running — ₹133.80 Cr, ₹103.33 Cr, ₹74.44 Cr — which is a two-year compound decline of roughly 25%. Management's explanation is the correct one and we accept it: FY24 carried The Kerala Story, a genuine outlier, and the two years since have had a lighter monetisation calendar. In a project business this is not deterioration, it is scheduling. The problem is not the direction of the revenue line. The problem is what happened to the margin while revenue was falling.

EBITDA margin went 55.3%, 49.1%, 78.7%. A near-thirty-point margin expansion in a year when the top line fell 28% does not happen because the business got better. It happens because cost stopped flowing through the P&L. The company is carrying ₹67.70 Cr of production expenditure as inventory — ₹75.06 Cr of total content work-in-progress — rather than expensing it, which is legitimate under

content accounting and is precisely how every producer accounts for an unreleased slate. But it means the FY26 margin is a timing artefact, not an economic one. On a normalised basis, blending three years, the business earns somewhere in the 50s at the EBITDA line and low-40s at PAT. That is still an excellent margin. It is not 78.7%.

The one number that matters most in this report: operating cash flow was NEGATIVE ₹33.21 Cr in FY26 against reported PAT of ₹40.02 Cr. A ₹73 Cr swing between accounting profit and cash. Receivable days went from 11 in FY24 to 233 in FY26, and inventory days sit at roughly 1,328. The profit is real in the sense that the contracts exist. It is not yet real in the sense that the money has arrived.

The balance sheet, to be fair, is in good order. Debt has come down every year to ₹9.09 Cr against ₹145.13 Cr of net worth — a debt-to-equity of 0.06, effectively unlevered. Net worth has compounded purely from retained earnings; there is no pre-IPO capital infusion propping it up. Return on equity at 32% and return on capital employed at 36% are excellent by any standard, and they are excellent for a real reason: the asset-light structure means very little capital is tied up in anything other than content.

What we cannot reconcile is the combination of a 32% return on equity and a negative operating cash flow. Those two facts describe a business that is generating accounting returns on capital it has not yet converted to cash. Add ₹31.73 Cr of contingent liabilities in disputed tax demands — against a ₹145 Cr net worth, that is not trivial — and the quality of the FY26 print is materially lower than its headline suggests. This is the single reason our expected listing band sits below the grey market.

9. Valuation

Peer Comparison — FY26

Company	P/E (x)	EBITDA Mgn (%)	PAT Mgn (%)	Revenue (₹ Cr)
Sunshine Pictures @ ₹360	28.0	78.7	53.8	74.44
Panorama Studios Intl.	81.0	10.5	5.1	308.50
Baweja Studios	8.7	17.5	8.8	68.94
Balaji Telefilms	Loss	n.a.	(23.6)	210.83
Peer median (profitable only)	44.8	14.0	7.0	—

Sunshine P/E on post-issue diluted FY26 EPS of ₹12.85 at the ₹360 cap. Pre-issue EPS ₹15.19 implies 23.7x. Peer data as cited in the issuer's basis-for-price disclosure and market sources.

At ₹360 the company is asking 28.0x post-issue FY26 earnings and 6.5x pre-money book. Against a listed set whose profitable members trade at 8.7x and 81.0x, the peer median of 44.8x is arithmetically true and analytically worthless. A two-name median with a nine-fold spread is not a valuation anchor; it is noise. Anyone telling you Sunshine is cheap because Panorama trades at 81x is comparing a distribution-led business with 10.5% EBITDA margins to a production house with a capitalised slate. The two multiples are not measuring the same thing.

The honest way to value this is to ask what the 28x is being paid on. It is being paid on an earnings number inflated by a 78.7% EBITDA margin that will not repeat, in a year when revenue fell 28%, backed by cash flow that was negative ₹33 Cr. Normalise the margin toward the three-year blend and the same ₹1,121 Cr market capitalisation is being asked to support something closer to 35–40x sustainable earnings — and that is before you discount for a business whose earnings are a function of an undated release calendar.

So: the premium is not earned on fundamentals. We say that plainly. What the price does have going for it is that ₹360 on a ₹1,121 Cr market capitalisation is a small, digestible number for a recognisable brand in a sector retail investors like, and the optical 28x screens fine on every aggregator page. For a listing-window call, screening well is worth something. For anything longer, we struggle to underwrite it.

10. Demand, Application-Wise Breakup, Anchor Quality & BRLM Track Record

10.1 Subscription Trajectory (× subscribed)

Category	Day 1 (18 Aug, close)	Day 2 (19 Aug, live)	Day 3 (20 Aug)
QIB	0.03	0.04	Pending
NII — bHNI (> ₹10 L)	4.67	Not split intraday	Pending
NII — sHNI (₹2–10 L)	9.34	Not split intraday	Pending
NII (total)	6.23	9.46	Pending
Retail (RII)	5.99	7.46	Pending
Overall	4.34	5.77	Pending

Exchange-published figures. The bHNI/sHNI split is published at each day's close, not intraday; Day-3 figures were not available at the time of publication.

The shape of this book is unusual and worth stating directly. QIB has effectively not bid — 0.04x after two full days. Institutions do put their bids in on the final afternoon and the anchor placement already absorbs 30% of the issue, so a near-zero QIB print at this stage is not by itself alarming. What is notable is that there is no institutional interest showing at all, in an issue where domestic mutual funds took nothing in the anchor round either. Meanwhile retail is at 7.5x and the HNI book at 9.5x and both are accelerating. The demand here is entirely from the retail and HNI side of the market.

10.2 Application-Wise Breakup

Category	Day 1 (18 Aug)	Day 2 (19 Aug)
Retail (RII)	5.99	7.46
NII — sHNI (₹2–10 L)	9.34	Not split
NII — bHNI (above ₹10 L)	4.67	Not split
NII (combined)	6.23	9.46

Times subscribed, exchange-published. The bHNI/sHNI split is published at each day's close; the Day-2 split had not been released at the time of publication.

Minimum quantity to qualify for the bHNI category: 2,788 shares (68 lots) — ₹10,03,680 at the ₹360 cap.

10.3 Grey Market Premium

GMP is quoting ₹73–77 as of 19 August 2026, roughly 20–21% over the ₹360 cap, implying a listing around ₹433–437. The premium has climbed steadily through the window — it was in single digits early, ₹75 on 18 August, ₹77 on 19 August. A rising GMP through the bidding period is a better signal than a high static one, because it indicates the unofficial market is marking demand up in real time rather than front-running it.

The caveat, in our own words rather than the standard boilerplate: the grey market is a handful of dealers quoting an unregulated, unsettled, thinly-traded forward on an instrument that does not exist yet. It is a sentiment reading, it is frequently wrong by a wide margin on listing day, and it is at its least reliable precisely when it is at its most enthusiastic. We use it as one input among five. We do not price off it — which is why our expected band is set seven to eight points below what the GMP implies.

10.4 Anchor Quality — the backtest

Nine anchors took 23,51,140 shares for ₹84.64 Cr at ₹360 on 17 August. The allocation circular states explicitly that NIL shares went to domestic mutual funds and NIL to insurance companies and pension funds. Not a single institutional long-only rupee. We ran all nine names against our seven-year base of 688 mainboard anchor participants. What came back is the most important finding in this report.

Anchor Investor	₹ Cr	% Anchor	Prior Issues	Avg Listing Gain	Avg P/E Bought
Uni Growth Fund	20.00	23.6%	Not in base	—	—
Zeal Global Opportunities	10.00	11.8%	5	(6.9%)	n.m.
Khandelwal Finance	10.00	11.8%	2	(3.5%)	43.9x
The ASIO Fund VCC – SF 4	10.00	11.8%	1	(35.1%)	18.4x
Shine Star Build Cap	10.00	11.8%	17	+15.4%	38.4x
LRSD Securities	9.64	11.4%	2	(4.5%)	27.2x
Innovative Vision Fund	5.00	5.9%	3	+5.8%	25.5x
Arnesta Global Opportunities	5.00	5.9%	1	(8.3%)	61.6x
Visionary Value Fund	5.00	5.9%	2	+18.1%	13.5x
Total / weighted average	84.64	100%	33	(4.1%)	~27x

Source: IPO Research Desk seven-year mainboard anchor base (688 participants, 2020–2026). Weighted average listing gain is allocation-weighted across the eight names with prior history; Uni Growth Fund is excluded as it does not appear in the base.

Read that bottom row again. The allocation-weighted average listing-day gain of this anchor book across its prior mainboard participations is negative 4.1%. Five of the eight names with a track record have a negative average. The single largest allottee, Uni Growth Fund at 23.6% of the anchor portion, does not appear anywhere in our seven-year base of 688 anchors — it has no mainboard anchor history we can score.

There is a second finding that is arguably worse. Every one of these eight names last participated in a mainboard anchor round in 2020, 2021 or 2022. Not one appears in our 2023, 2024, 2025 or 2026 data. This is not an active anchor cohort being brought back for a good deal; it is a book assembled from participants who have been absent from mainboard issues for four years. Shine Star Build Cap is the only name with genuine volume — 17 prior issues, ₹163 Cr deployed, a respectable +15.4% average listing gain — and its last recorded participation was 2022.

On valuation fit, the news is neutral to fine: the cohort's typical entry multiple clusters around 25–30x, and this issue prices at 28x post-issue. Nobody here is stretching outside their historical comfort zone. The problem is not that they overpaid. The problem is who they are.

Call this book what it is: this is an SME-type anchor list. Ticket sizes of ₹5–20 Cr, proprietary treasuries and small offshore fund vehicles rather than long-only institutions, several of them repeat names on small-cap and SME placements, and a total book of ₹84.64 Cr spread across nine allottees. That is the standard configuration of an SME or small mainboard anchor round, not of a ₹282 Cr mainboard issue that has cleared the NSE and BSE main platform. It is consistent with the lead manager's own franchise, which we come to next, and it explains the QIB blank far better than anything in the company's financials does.

An anchor book with no mutual fund, no insurer, no pension fund and a negative weighted prior listing record is not institutional validation. It is placement. We would not let it add a single point to our expected listing band, and it is one of the two reasons we sit below the grey market.

10.5 BRLM Track Record — the backtest

GYR Capital Advisors	Issues	Positive Listings	Hit Rate	Avg Listing Gain
Mainboard (our 7-yr base)	1	1	100%	+0.55%
SME (NSE Emerge / BSE SME)	61	55	90%	+82%

Mainboard row: IPO Research Desk seven-year lead-manager base (78 BRLMs, 2020–2026). SME row: publicly reported SME issue history since 2021, outside the scope of our mainboard base and shown here for context only.

This is the sharpest split in the report. On the SME platforms GYR Capital Advisors is one of the busiest and most successful bankers in the country — 61 issues since 2021, roughly 90% listing positive, an average listing gain in the region of 82%. That is an outstanding record and it is not a fluke of one good year. On the mainboard, our base file returns exactly one issue across seven years: a 2020 transaction that listed positive, by 0.55%. A 100% hit rate on a sample of one is not a track record; it is a data point.

SME and mainboard are different disciplines. SME issues are priced for a retail-and-HNI book, distributed through broker networks, and routinely list at multiples of the issue price because the float is tiny and the demand is concentrated. Mainboard issues require institutional coverage, a research footprint, and pricing that survives contact with mutual fund analysts. GYR is excellent at the first and, on the evidence in front of us, largely untested at the second. The anchor book in 10.4 is an SME-style book. The QIB column reading 0.03x on day one and 0.04x on day two is what an SME distribution machine looks like when it is pointed at a mainboard issue.

Two consequences follow. First, a sole BRLM carries the entire underwriting, pricing and distribution burden with no syndicate partner to impose discipline. Second, the near-total absence of QIB demand and of any mutual fund in the anchor round should be read substantially as a function of who is selling the paper rather than as a verdict on the company — which is the more forgiving interpretation, and the reason we remain buyers of the listing rather than sellers of it. Retail and HNI distribution is precisely where GYR is strong, and this book is being carried by retail and HNI.

A risk-averse investor is entitled to stop here and skip the issue. A sole lead manager with one mainboard transaction behind it, an anchor round no institution joined, and a negative operating cash flow in the reported year is a stack of three unresolved questions. Our APPLY is a calculated call

on the demand structure and the float, taken with full sight of that stack. It is not a statement that the stack does not exist.

Strong anchor participation and a good BRLM track record reduce listing risk; they do not eliminate it. In this issue we have neither, and the demand is coming from somewhere else entirely.

11. Risk Factors

[PRIMARY CONCERN] 1. Cash conversion. Reported profit is not arriving as cash.

FY26 operating cash flow was negative ₹33.21 Cr against reported PAT of ₹40.02 Cr — a ₹73 Cr gap between accounting profit and money in the bank. Receivable days stretched from 11 in FY24 to 233 in FY26, and content inventory of ₹75.06 Cr sits at roughly 1,328 inventory days. Two-thirds of the fresh issue is being used to fund exactly this gap. The contracts are real and the counterparties are credible platforms, so we do not question that the money eventually comes. But a business that has to raise equity to bridge its own collection cycle is a business where the reported earnings and the economic earnings have separated, and the FY26 print should be read with that discount applied. What would change our view: two consecutive periods of positive operating cash flow and receivable days back under 120.

2. Margin quality. The 78.7% EBITDA margin is a timing artefact.

EBITDA margin expanded from 49.1% to 78.7% in a year when revenue fell 28%. That combination does not occur through operating improvement. It occurs because ₹67.70 Cr of production cost is capitalised in inventory rather than expensed. This is correct content accounting, not aggressive accounting — but it means the multiple in Section 9 is being applied to an earnings figure that will normalise downward when the slate releases and the cost flows through. On a three-year blend the business earns in the 50s at EBITDA, not the high 70s.

3. Anchor book composition. No institutional participation at all.

NIL allocation to domestic mutual funds, NIL to insurance and pension funds — stated in the issuer's own allocation circular. The nine anchors carry an allocation-weighted average prior listing gain of negative 4.1% across 33 historical mainboard participations, none of them since 2022, and the largest allottee at 23.6% of the book has no mainboard anchor history in our seven-year base at all. A ₹84.64 Cr anchor round that no long-only institution wanted a piece of is a placement, not an endorsement.

4. Listing volatility.

Even where the demand curve looks favourable, mainboard listings in the current regime have shown sharp intraday swings on the opening print and through the first few sessions. A weak open, a broad-market gap-down on 25 August, or momentum that fails to carry past the first hour can undo this setup regardless of how the book looked at close of bidding. The free float on day one is thin at roughly ₹197 Cr, which amplifies moves in both directions. For bHNI applicants using funded applications, a soft open converts a modest gain into a loss after cost of carry. We do not consider this a risk-free recommendation.

5. **Revenue volatility and slate dependence.** Revenue fell from ₹133.80 Cr in FY24 to ₹74.44 Cr in FY26, a two-year compound decline of about 25%. FY24 was carried by The Kerala Story. The company is candid that performance tracks the release calendar rather than an underlying run rate, which is honest but is also the point: there is no run rate to underwrite. An investor is buying an undated slate of six films and two web series.
6. **Customer concentration.** Top five customers accounted for 74.81% of FY26 revenue. In a project business this is partly structural — with a handful of titles monetising you necessarily have a handful of counterparties. It nonetheless means the entire receivable book, already stretched to 233 days, rests on very few names honouring very few contracts.
7. **Audience acceptance and content risk.** Revenue depends on public acceptance of films and series, which is not forecastable by any method available to us or to management. The sole-production model that generates the attractive IP economics is the same model that carries the full downside of a title that does not connect. One bad slate year, with 28 permanent employees and no operating cushion, moves this company from 32% return on equity to something materially worse.
8. **Contingent liabilities and litigation.** ₹31.73 Cr of disputed tax demands sit as contingent liabilities against a net worth of ₹145.13 Cr — a little over a fifth of book value. Content businesses also carry certification, censorship and state-level exhibition risk; the company's most commercially successful title was also its most politically contested, which cuts both ways for the franchise sequel in the pipeline.
9. **Sole lead manager — an SME franchise on a mainboard issue.** GYR Capital Advisors has 61 SME issues since 2021 with roughly a 90% hit rate and an average listing gain near 82% — an excellent record on that platform. On the mainboard it has one issue in our seven-year base, listing at +0.55%. There is no syndicate partner. Concentration of pricing, underwriting and distribution in a single banker whose institutional reach is untested at this scale is consistent with what the QIB column is showing, and it removes the check a second lead normally provides on pricing. A risk-averse investor may reasonably treat this alone as grounds to skip the issue.
10. **Working capital absorption of the fresh issue.** ₹112.50 Cr of the ₹172.80 Cr fresh issue funds working capital. None of it expands capacity, acquires IP or builds a library. If the collection cycle does not shorten, the capital is consumed rather than deployed, and the company returns to the same constraint with a larger equity base and a diluted return on it.

12. Investment Strengths & Positive Indicators

- 1. Capital efficiency is genuinely exceptional.** Return on equity of 32.0% and return on capital employed of 36.2% in FY26, down from 39.2% and 41.2% in FY25 — a decline only because the equity base grew, not because the business deteriorated. Very few businesses of this size earn these returns, and the reason is structural rather than cyclical: an asset-light model with rented equipment, project-hired crews and profit-share talent arrangements ties up almost no permanent capital.
- 2. Effectively unlevered balance sheet.** Total debt of ₹9.09 Cr against net worth of ₹145.13 Cr — debt-to-equity of 0.06, down from 0.24 in FY24. Debt has fallen every year while net worth has more than doubled entirely from retained earnings, with no pre-IPO capital infusion flattering the picture. Whatever the cash-conversion issue, this company is not carrying financial risk on top of it.
- 3. The cost structure is variable, not fixed.** Twenty-eight permanent employees. Crews, departments and talent engaged per project, frequently on profit-share. Equipment rented. In a hit-driven industry the ability to scale the cost base down as fast as the revenue base is worth more than it appears on a good-year income statement — it is what stops a weak slate from becoming a solvency question.
- 4. A named, de-risked pipeline.** Six films and two web series, including Hisaab with Jio Studios and Nanavati vs Nanavati with Amazon. Platform-commissioned work carries contracted economics regardless of audience outcome, which is the de-risked half of the model. The Kerala Story 3 is the high-variance half, and it is attached to the only genuine franchise the house owns.
- 5. Owned IP and a franchise.** In sole productions the company retains complete rights across theatrical, OTT, satellite, music and dubbing windows. That is a durable, monetisable asset in a sector where most mid-tier houses work purely for fees. The franchise value in The Kerala Story is the closest thing to a moat on the page.
- 6. OFS below the exit threshold; promoters stay committed.** At 38.8%, the offer for sale sits under our 50% flag. Promoters retain 74.84% post-listing, and there is no financial or private-equity investor unwinding a position — the only sellers are the two founding shareholders. Whatever else the structure says, it does not say that sophisticated early money is heading for the door.
- 7. Export mix has quadrupled.** Overseas revenue moved from 3.2% of the total in FY24 to 13.45% in FY26. On a small base, but it is a real diversification of the monetisation footprint and a channel with structurally better economics per viewer than domestic theatrical.
- 8. The demand structure favours the listing print.** Retail at 7.5x and HNI at 9.5x on day two with both accelerating, against a day-one tradable float of only about 54.9 lakh shares — roughly ₹197 Cr — once the anchor lock-in is netted off. A small float meeting an oversubscribed retail and HNI book is the classic configuration for a firm opening print. That is the trade here, and it is a good one on its own terms.

13. Final Recommendation & Conclusion

R E C O M M E N D A T I O N

APPLY (listing gains)

Expected listing band 12–15% over ₹360 • approximately ₹403 – ₹414

We are applying, and we are applying for the print. Set out against the five pillars, the case divides cleanly into two halves that point in opposite directions, and the reason we come out positive is that only one half matters over a six-day horizon.

On financial quality we are unimpressed and we have said so at length. Revenue has fallen two years running to ₹74.44 Cr, the 78.7% EBITDA margin is a capitalisation artefact rather than an economic one, and operating cash flow of negative ₹33.21 Cr against ₹40.02 Cr of PAT is the number that would stop us cold on any longer-dated call. On valuation, 28x post-issue screens acceptably only because the listed peer set is unusable — normalise the margin and the same market capitalisation is carrying 35–40x sustainable earnings. On the anchor book, the backtest is close to damning: no mutual fund, no insurer, no pension fund, an allocation-weighted prior listing record of negative 4.1% across 33 participations, none of the cohort active on mainboard since 2022, and the largest allottee absent from our seven-year base entirely. It is an SME-type anchor list on a mainboard issue. And the lead manager fits the same description — 61 SME issues with a 90% hit rate and an 82% average listing gain, against exactly one mainboard transaction in seven years.

Against that, the two pillars that actually price a listing day are both firm. Demand: retail at 7.5x and HNI at 9.5x on day two and still building, against a day-one tradable float of roughly ₹197 Cr once the 23,51,140 anchor shares are locked away — a thin float meeting an oversubscribed retail book is the most reliable configuration there is for a firm open. GMP: ₹73–77 and rising steadily through the bidding window rather than spiking, which is the better version of that signal. OFS at 38.8% is below our exit threshold and no financial investor is selling. And the QIB blank, in our reading, says more about GYR's institutional distribution than about the company.

Our expected band of 12–15% sits deliberately seven to eight points below the GMP-implied 20–21%. That gap is the discount we are applying for accounting quality and for an anchor book that no institution touched. If you need the grey market to be right for this trade to work, it is not a trade we would take. At 12–15% it is.

One carve-out, stated plainly. This call rests on the demand structure and the float, not on the quality of the sponsorship. An investor with a low tolerance for issue-level risk — who wants a mainboard-experienced banker, an institutional anchor book and positive operating cash flow before committing capital — will find none of the three here, and skipping this issue entirely is a defensible position we

would not argue with. The APPLY is for the desk's own mandate: a short, sized, exit-on-print trade taken with full sight of what is missing.

This is not a risk-free recommendation. A strong anchor book does not guarantee listing gains — and in this issue the anchor book is not even strong. Apply for the listing, take the print, and trail the position through the T+2 to T+5 window only while momentum holds. Do not carry this name into the working-capital cycle on the strength of a listing-day call. We do not hold a long-term view on Sunshine Pictures and this report does not offer one.

Capital Allocation Note — Concurrent Mainboard Issues

Three mainboard issues overlap this week and the ASBA calendar, not the research view, decides what a finite book can actually do. The arithmetic is unusually clean here, so we set it out plainly.

Issue	Bidding	Allotment	Funds Unblocked	Available for Gaja?
Lalithaa Jewellery Mart	17–19 Aug	20 Aug	20–21 Aug	Yes
Sunshine Pictures	18–20 Aug	21 Aug	21 Aug (evening)	No
Gaja Alternative Asset Mgmt.	19–21 Aug	24 Aug	24–25 Aug	—

Dates as published by the issuers. ASBA blocks on non-allotted applications are released on or immediately after the basis of allotment; release timing depends on the sponsor bank.

Read the middle row first. Sunshine's basis of allotment is 21 August — the same day Gaja's book closes at the 5:00 pm NII cut-off. Blocked funds are released that evening at the earliest. Money placed in Sunshine is therefore not available for Gaja under any sequencing. These two issues compete for the same rupee, and a bHNI with a fixed application book has to choose.

On that choice we prefer Gaja. Not on valuation — we have not published a research view on Gaja and this note does not constitute one — but on sponsorship quality, which is the axis on which Sunshine is weakest. Gaja is being run by JM Financial and IIFL Capital Services: 104 and 100 mainboard issues respectively over seven years, hit rates of 72% and 68%, average listing-day gains of 18.5% and 17.1%. Set that against a sole lead manager with one mainboard transaction in the same period. The honest caveat is that neither JM nor IIFL has had a good 2026 — between them they are nought for five on positive listings this calendar year, and we would not hand-wave that away. But a ₹550 Cr issue with two established mainboard bankers and an institutional book behind it is a different quality of paper from a ₹282 Cr issue placed through an SME-style anchor round.

For clients who applied in Lalithaa Jewellery Mart there is no conflict at all. Lalithaa's basis of allotment is 20 August and blocked funds on non-allotted applications release on 20–21 August, ahead of Gaja's 21 August close. That capital recycles cleanly into Gaja. The only genuine either/or this week is Sunshine versus Gaja — and where a client cannot fund both,

we would put the money into Gaja.

Funded Application — Cost of Carry

On a final bHNI subscription of 15.00x, a ₹1,00,00,000 application draws ₹6,66,667 of stock. At the 13% mid-point of our expected listing band that is ₹86,667 gross. Funding ₹1,00,00,000 for the six-day cycle at 9.00% per annum costs ₹14,795. Net ₹71,872. At a 5% listing print the same application nets ₹18,538, and at a flat open it loses the ₹14,795. The leverage is what turns a modest listing gain into a worthwhile absolute return, and it is also what makes a weak open expensive.

BHNI Guidance

Investor Category	Guidance	Allocation Approach	Exit Window
BHNI	APPLY (listing gains)	Apply only with capital surplus to Gaja (19–21 Aug), which we prefer; Sunshine funds do not recycle in time. Size for a 12–18x final bHNI multiple. Risk-averse mandates may skip	Listing day; trail to T+5 only on momentum

IPO Research Desk operates a BHNI-only advisory mandate covering the listing print and the immediate momentum window. No guidance is issued for SHNI, Retail or long-term horizons.

14. Standard Disclaimer

The analysis presented herein is based on publicly available information and data as of the date of publication. Investors should conduct their own due diligence before making investment decisions. Past performance is not indicative of future results. The author does not guarantee the accuracy, completeness, or timeliness of the information provided. Investment in IPOs and equity markets involves substantial risk, including the risk of loss of principal. Market conditions, company performance, regulatory changes, and macroeconomic factors can significantly impact investment outcomes.

Past performance is not indicative of future returns.