Sunshine Pictures Limited

AVOID

BP WEALTH

IPO Note **17th August 2026**

Company Overview

Incorporated in 2007, Sunshine Pictures is a content production house engaged across the value chain of film, television, and digital content, including content origination, script development, production, marketing, distribution, and monetisation of intellectual property. The company has produced 13 commercial films, two web series, three TV serials and one short film, with notable titles including Force, Commando, Holiday: A Soldier Is Never Off Duty, The Kerala Story and Bastar. The Kerala Story was a major commercial success, highlighting the potential upside from successful own-produced content. The company follows a hybrid production model comprising co-production and sole-production projects. Under the co-production model, Sunshine partners with established studios and typically earns a fixed production fee along with a share of intellectual property and profits, providing relatively greater earnings visibility and lower financial risk. Under the sole-production model, the company finances the project and retains the intellectual property, distribution, and other rights, allowing it to capture greater upside through theatrical, OTT, music, and downstream monetisation. Sunshine Pictures follows an asset-light and cost-conscious operating model, with specialised activities such as dubbing, sound and VFX outsourced while editing is generally undertaken in-house. The company maintains tight control over production budgets through on-set accounting, banking-channel payments and monitoring of daily expenses. Film production and associated rights remain the key revenue contributor, accounting for 89.7% of FY26 revenue, while the company has also expanded into music and digital content through Sunshine Music and Sunshine Digital (Originals). Its near-term pipeline includes Hisaab with Jio Studios, Nanavati vs Nanavati for Amazon and own-production Samuk, providing potential revenue visibility, although earnings remain inherently dependent on project execution, release schedules and audience acceptance.

Objects of the issue

The company proposes to utilize the proceeds from the issue towards the following objects:

⇒ To meet the working capital requirements; and

⇒ General corporate purposes.

Investment Rationale

Differentiated business model balances earnings visibility with upside potential

Sunshine Pictures follows a differentiated production model that combines co-productions with standalone projects, enabling it to balance earnings visibility with the upside from successful content. Under co-productions, the company partners with established studios and operates on a fixed-fee arrangement based on a pre-agreed budget, providing assured revenues across project milestones and a contractually assured minimum consideration irrespective of box-office performance. Additionally, the company retains a share in the IP, profits beyond specified thresholds and downstream revenues from OTT and television rights. Standalone productions, meanwhile, allow Sunshine to retain the entire economic upside and monetise its IP across theatrical releases, OTT, satellite television, music, and downstream derivatives. The company complements this model with disciplined cost management through lower upfront talent costs, profit-sharing arrangements, lean overheads, and tight control over production budgets. The combination of relatively predictable earnings from co-productions and higher return potential from standalone projects provides a balanced risk-reward profile while limiting exposure to individual projects.

Expanding content pipeline and diversification to support scalable growth

Sunshine Pictures is looking to scale its content production capabilities while diversifying across formats, genres, and distribution channels, which could improve medium-term revenue visibility and reduce dependence on individual projects. The company plans to increase production capacity by expanding its writer pool, developing an in-house creative leadership bench, and executing multiple projects concurrently. Its upcoming pipeline comprises a mix of films and web series across varying production budgets, while its presence across theatrical releases, OTT content, television and short-form digital content provides multiple avenues for growth. The company has also expanded into adjacent verticals through Sunshine Music and Sunshine Digital (Originals), with the former aimed at building a library of film and non-film music rights capable of generating recurring monetisation opportunities. A broader content portfolio across genres and formats, coupled with increased production

Issue Details	
Offer Period	18th Aug. 2026 – 20th Aug. 2026
Price Band	Rs. 342 to Rs. 360
Bid Lot	41
Listing	BSE & NSE
Issue Size (no. of shares in Cr.)	0.8
Issue Size (Rs. in Cr.)	282
Face Value (Rs.)	10

Issue Structure	
QIB	50%
NIB	35%
Retail	15%

BRLM	GYR Capital Advisors Private Limited
Registrar	Bigshare Services Private Limited

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	100.0%	74.8%
Public	0.0%	25.2%
Total	**100.0%**	**100.0%**

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

budgets, while its presence across theatrical releases, OTT content, television and short-form digital content provides multiple avenues for growth. The company has also expanded into adjacent verticals through Sunshine Music and Sunshine Digital (Originals), with the former aimed at building a library of film and non-film music rights capable of generating recurring monetisation opportunities. A broader content portfolio across genres and formats, coupled with increased production frequency, could reduce concentration on individual releases, expand the addressable audience and gradually improve the consistency of revenue generation.

Valuation

Sunshine Pictures operates an established content production business with a hybrid model comprising co-produced and standalone projects, enabling it to balance earnings visibility with the upside from successful content. Its established industry relationships, disciplined cost structure and ability to monetise intellectual property across theatrical, OTT, television, music, and other downstream rights provide a differentiated operating model. The company is also looking to increase production capacity, diversify across genres and formats, and expand into digital and music content, which could support medium-term growth. Financial performance, however, has remained volatile due to the project-driven nature of the business. Revenue declined from Rs. 134 crores in FY24 to Rs. 103 crores in FY25 and further to Rs. 74 crores in FY26, largely due to the normalisation from the exceptional contribution of The Kerala Story in FY24 and the sharp decline in web series/TV revenue in FY26 following the Rs. 50 crores contribution from Bhed Bharam in FY25. Despite lower revenue, EBITDA declined at a relatively modest 8.6% CAGR over FY24-FY26, while EBITDA margin expanded sharply from 51.1% in FY24 to 76.6% in FY26, reflecting strong cost discipline and favourable project economics. At the CMP of Rs. 360, the stock trades at 23.7x FY26 earnings, which appears reasonable compared with Panorama Studios. However, we remain cautious due to the lumpy nature of the business, with revenue and earnings highly dependent on project execution, release schedules and content success. **While the upcoming pipeline offers growth potential, limited earnings visibility and the inherent unpredictability of individual projects keep the risk-reward unfavourable. We, therefore, recommend an AVOID on the issue.**

Key Risks

- ⇒ The company's financial performance depends heavily on audience acceptance and the box-office performance of individual projects. A film's success is difficult to predict and depends on audience preferences, competition, cast, marketing, and release timing.
- ⇒ The company derives a significant portion of its revenue from its top five customers, comprising studios and independent distributors. Any loss of these key customers, or a reduction in revenue generated from them, could materially and adversely affect its business, financial condition, results of operations, and cash flows.
- ⇒ The company's working capital requirements have increased sharply, with net working capital rising to Rs. 127 crores in FY26, or 169.9% of revenue, increasing reliance on internal accruals and external financing. Delays in customer payments, longer project cycles or limited availability of bank funding could strain liquidity and adversely impact project execution.

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Income Statement (Rs. in crores)

Particulars	FY24	FY25	FY26
Sales	134	103	74
Total revenue from operations	**134**	**103**	**74**
Expenses			
Operational cost	62	51	14
Employee benefits	0	1	2
Other expenses	3	3	2
Total operating expenses	**65**	**55**	**17**
EBITDA	**68**	**48**	**57**
Depreciation & amortization	2	3	3
EBIT	**66**	**45**	**54**
Finance costs	1	2	2
Other Income	6	2	2
PBT before Share of Profit	**71**	**46**	**54**
Share of profit	0	0	0
PBT before Exceptional Items	**71**	**46**	**54**
Exceptional Items	0	0	0
PBT after Exceptional Items	**71**	**46**	**54**
Total tax	18	12	14
Net Profit	**53**	**34**	**40**
Diluted EPS	**20.2**	**13.1**	**15.2**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in crores)

Particulars	FY24	FY25	FY26
Cash Flow from operating activities	32	28	-33
Cash flow from/(used in) investing activities	-30	-11	26
Net cash flows (used in) / from financing activities	-1	-7	-4
Increase/(decrease) in cash and cash equivalents	**1**	**10**	**-11**
Cash and cash equivalents at the beginning of the period	**0**	**1**	**12**
Cash and cash equivalents at the end of the period	**1**	**12**	**0**

Source: RHP, BP Equities Research

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Balance Sheet (Rs. in crores)

Particulars	FY24	FY25	FY26
Assets			
Non-Current Assets			
Property, plant & equipment	12	13	10
Right-of-use assets	0	0	0
Capital Work-In-Progress	13	0	0
Financial assets			
(i) Other financial assets	10	4	2
Deferred Tax Assets (net)	0	0	0
Total Non-Current Assets	**35**	**18**	**13**
Current Assets			
Inventories	24	24	75
Financial assets			
(i) Investments	20	26	0
(ii) Trade receivables	8	28	67
(iii) Cash & Cash equivalents	1	12	0
(iv) Loans	5	4	4
(v) Other financial assets	0	3	3
Other current assets	3	2	3
Current tax assets (net)	0	0	0
Total Current Assets	**62**	**99**	**152**
Asset classified as held for sale	0	15	15
Total Assets	**97**	**131**	**180**
Equity and Liabilities			
Equity share capital	0	26	26
Other equity	70	79	119
Total Equity	**71**	**105**	**145**
Liabilities			
Non-Current Liabilities			
Financial liabilities			
(i) Borrowings	0	2	2
(i) Lease Liabilities	0	0	0
Provisions	0	0	0
Deferred Tax Liabilities (Net)	0	0	0
Total Non-Current Liabilities	**0**	**3**	**2**
Current Liabilities			
Financial Liabilities			
(i) Borrowings	17	9	7
(ii) Lease liabilities	0	0	0
(iii) Trade payables	7	5	7
(iv) Other financial liabilities	0	0	0
Other current liabilities	2	6	7
Provisions	0	0	0
Current tax liabilities (net)	0	4	10
Total Current Liabilities	**27**	**23**	**32**
Total Liabilities	**27**	**26**	**35**
Total Equity and Liabilities	**97**	**131**	**180**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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