Retail Research	IPO Note
Sector: Media & Entertainment	Price Band (Rs): 342 – 360
17th August 2026	Recommendation: AVOID

Sunshine Pictures Ltd.

Company Overview:

Incorporated in 2007, **Sunshine Pictures Ltd. (SPL)** is a production house engaged in the business of production (including originating, creating, developing) and distribution of films, TV serials and web series. As of Aug'26, the company has produced 13 commercial films (7 co-produced & 6 self-produced), 2 web series, 3 TV serials and 1 short commercial film. SPL's prominent works in the modern Indian cinema includes 'The Kerala Story', 'Force', 'Commando: A One-Man Army', 'Holiday: A soldier is never off duty', etc. As of Aug'26, the company carries a subscriber base of 1,96,000 subscribers on YouTube and a follower base of 1,32,000/1,06,000 on Instagram/Facebook, respectively

Key Highlights:

1. **Business model:** The company engages in the production of projects as sole-producer or co-producer. In a co-production model, SPL partners with a reputable studio and produces the project for a fixed fee (a share of the intellectual property and profits from the project with such studios). A co-production approach is adopted when the proposed project requires a big budget. Whereas under sole production, SPL finances the entire project and executes the end-to-end production while retaining all the rights including intellectual property, titles, distribution rights and other interests in the projects. This approach allows the company to retain the entire up-side revenue from the theatrical releases and monetize rights through sale of OTT content, music rights, downstream derivatives such as remakes, sequels, spin offs, etc.

2. **Projects under production:** As of Aug'26, the company is co-producing its film "Hisaab" with Jio Studios, which is under post production and scheduled for release in FY27. Further, SPL is solely producing a commercial film tentatively titled "Samuk", and producing a web series for Amazon Seller Services Pvt Ltd, tentatively titled "Nanavati vs Nanavati". The company has recently launched two verticals, namely Sunshine Music and Sunshine Digital (Originals). Additionally, at present, the company is live on its YouTube channel with 36 original music videos and its maiden digital web series "Bawra Mann". The company also has 6 films and 2 web series in the pipeline for production.

3. **Experienced Promoter:** The company is led by its Promoter and Managing Director, Vipul Amrutlal Shah, who possesses experience of over 25 years in the Media & Entertainment industry and is a prominent film producer and director of films, TV serials and web series. His debut as a director in Hindi film industry was with the movie 'Aankhen' which was one of the blockbuster hits of year 2002 followed by 'Waqt: The Race Against Time', 'Namastey London, 'Singh Is Kinng' and 'London Dreams', amongst others.

View & Valuation: Sunshine Pictures is engaged in the business of production and distribution of films, web series and TV serials. It's standalone production – 'The Kerala Story', emerged as the highest return-on-investment blockbuster in 2023. Historically, the company has recorded negative Revenue/EBITDA/PAT CAGR of 25.4%/8.6%/13.4% respectively over the FY24-FY26 period, given the high uncertainty of project success and working capital requirements. While the company possesses a list of upcoming projects, the success of the same depends on audience acceptance and box office performance. At the upper price band of Rs 360, the issue is valued at FY26 P/E multiple of 27.8x based on post-issue capital. We recommend investors to AVOID the issue.

Issue Details	
Date of Opening	18th August 2026
Date of Closing	20th August 2026
Price Band (Rs)	342 – 360
Offer for sale (Rs cr)	109
Fresh Issue (Rs cr)	173
Issue Size (Rs cr)	282
Total issue size	78,37,191 shares @UB
Face Value (Rs)	10.0
Post Issue Market Cap (Rs cr)	1,121 @upper price band
BRLMs	GYR Capital Advisors Pvt Ltd
Registrar	Bigshare Services Pvt Ltd
Bid Lot	41 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NII shares	15%

Objects of Issue	
Particulars (Rs cr)	**Estimated utilization from net proceeds**
Funding the working capital requirements of the company	112.5
General corporate purposes*	-
Net proceeds from fresh issue*	-

**The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

Shareholding Pattern		
Pre-Issue	**No. of Shares**	**%**
Promoter & Promoter Group	2,63,48,750	100.0
Public & Others	-	-
Total	**2,63,48,750**	**100.0**

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	2,33,11,593	74.8
Public & Others	78,37,191	25.2
Total	**3,11,48,784**	**100.0**

Selling shareholder via OFS	Classification	No. of shares
Vipul Amrutlal Shah	Promoter	20,31,388
Shefali Vipul Shah	Promoter	10,05,769
Total	-	**30,37,157**

Source: RHP, SBICAP Securities Research

Key Financials

Particulars (Rs cr)	FY24	FY25	FY26
Revenue from operations	134	103	74
EBITDA	68	48	57
EBITDA Margin (%)	51.1	46.7	76.6
PAT	53	34	40
PAT Margin (%)	39.9	33.4	53.8
EPS	20.2	13.1	15.2
RoE (%)	75.6	32.8	27.8
RoCE (%)	82.2	41.3	36.4
P/E (x)*	17.8	27.5	23.5

Note: Pre-issue P/E based on upper price band
Source: RHP, SBICAP Securities Research

Risk Factors

- **Working capital intensive model:** As of FY26, the company's net working capital requirement consisted of ~Rs 126 cr which constitutes ~170% of revenue from operations. SPL's working capital requirements have increased in recent years because of growing number of projects within a similar time frame and due to the general growth of business. Thus, the business stands working capital intensive and if the company experiences insufficient cash flows, there may be an adverse effect on its operations.

- **Audience acceptance:** The company's success is primarily dependent on audience acceptance of its films, web series and TV serials, which is extremely difficult to predict and therefore inherently risky. Further, it is possible that some viewers in India or abroad may object to films, web series or TV serial contents published by Sunshine, based on religious, political, ideological or any other positions held by such viewers, including civil society organizations.

- **Dependent on Indian box office success:** In India, a relatively high percentage of a film's overall revenues are derived from theatre box office sales and in particular, from such sales in the first week of a film's release. The same may also be an indicator of a film's expected success in other distribution channels. Additionally, delays, cost overruns, cancellation or abandonment of the completion or release of films/web series/television serials may have an adverse effect on business.

- **Conflict of interest:** The company's Promoter Group entity, Block Buster Movie Entertainers, is authorized to undertake business activities which are similar to the business conducted by SPL. The company has entered into a non-compete agreement dated December 27, 2024 with Block Buster Movie Entertainers, to safeguard against any potential conflicts of interest that may arise between the company and the said Promoter Group entity in the future. Further, as on date, Block Buster Movie Entertainers is not carrying any operations, however it is authorized to undertake business activities which are similar to the business conducted by SPL.

Growth Strategies

- Increase production capacity.

- Diversify portfolio.

- Launch new businesses under the movie production value chain.

- Embrace new age media.

Revenue split by segments

Particulars	FY24		FY25		FY26	
	Rs cr	% of TR	Rs cr	% of TR	Rs cr	% of TR
Films and associated rights	130.8	97.8%	53.8	52.1%	66.8	89.7%
Web series/TV serials and associated rights	2.8	2.1%	49.5	47.9%	1.0	1.3%
Others*	0.2	0.2%	0.0	0.0%	6.7	9.0%
Total Revenue (TR)	**133.8**	**100.0%**	**103.3**	**100.0%**	**74.4**	**100.0%**

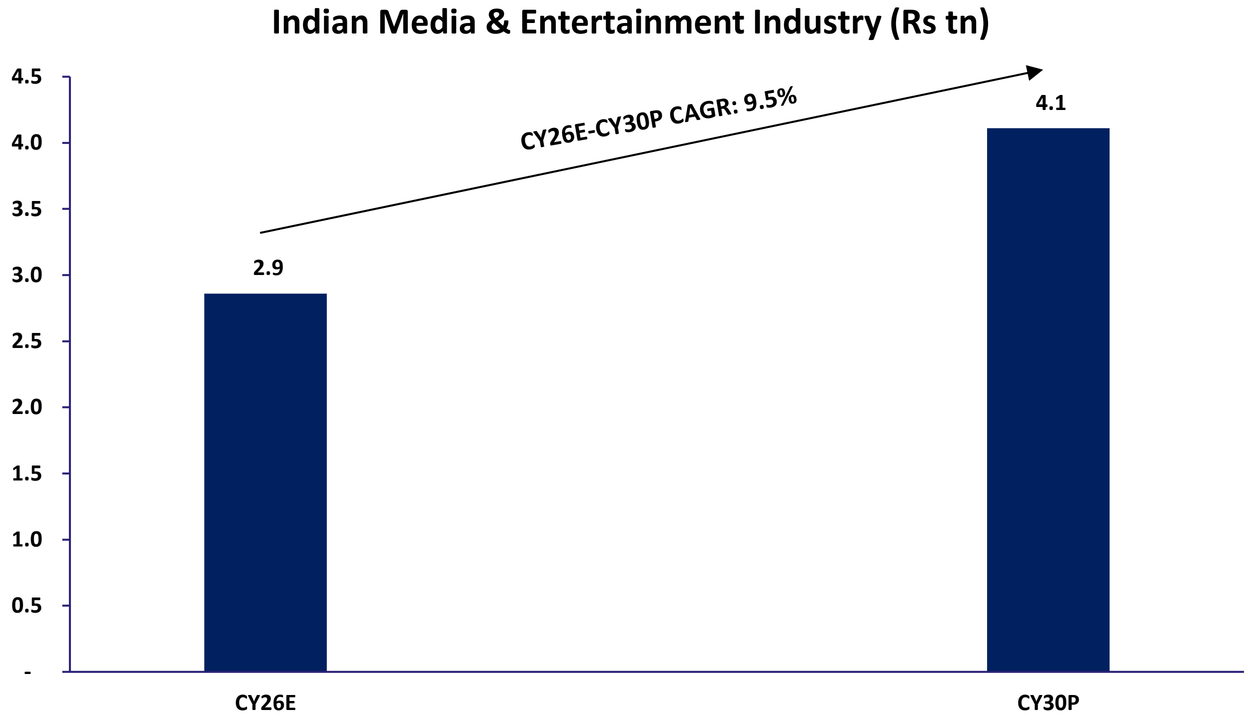
**includes Music rights exploitation, Talent management, social media platforms such as YouTube, Instagram and music label, etc.*
Source: RHP, SBICAP Securities Research

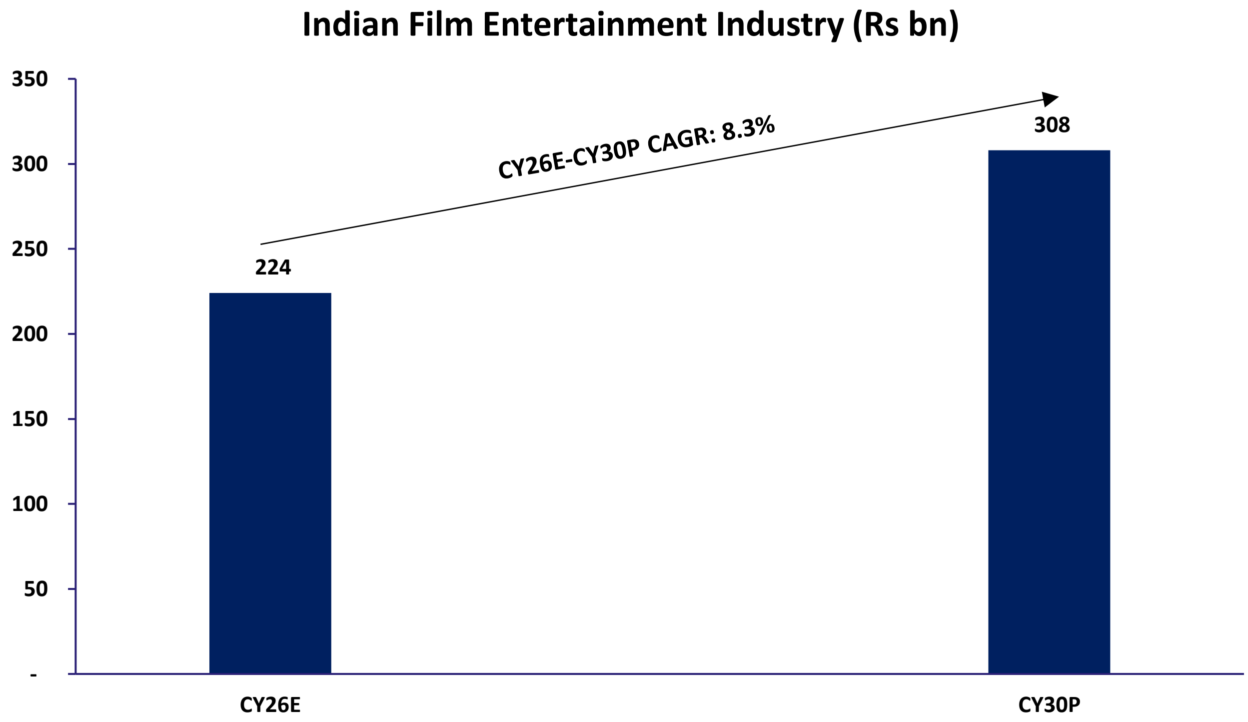
Revenue split by production model

Particulars	FY24		FY25		FY26	
	Rs cr	% of TR	Rs cr	% of TR	Rs cr	% of TR
Film/Web-series Produced	133.6	99.8%	81.2	78.6%	67.0	90.0%
Film/Web-series co-Produced	-	-	22.1	21.4%	-	-
Others*	0.2	0.2%	0.0	0.0%	7.4	10.0%
Total Revenue (TR)	**133.8**	**100.0%**	**103.3**	**100.0%**	**74.4**	**100.0%**

**includes Music rights exploitation, Talent management, social media platforms such as YouTube, Instagram and music label, etc.*
Source: RHP, SBICAP Securities Research

Industry Overview





Source: RHP, SBICAP Securities Research

Financial Snapshot

INCOME STATEMENT			
Particulars (Rs cr)	**FY24**	**FY25**	**FY26**
Revenue from Operations	**134**	**103**	**74**
YoY growth (%)	-	*-22.8%*	*-28.0%*
COGS (incl Stock Adj)	62	51	14
Gross Profit	**72**	**52**	**61**
Gross margin (%)	***53.5%***	***50.7%***	***81.7%***
Employee Cost	0	1	2
Other Operating Expenses	3	3	2
EBITDA	**68**	**48**	**57**
EBITDA margins (%)	***51.1%***	***46.7%***	***76.6%***
Other Income	6	2	2
Interest Exp.	1	2	2
Depreciation	2	3	3
PBT	**71**	**46**	**54**
Exceptional item	-	0	(0)
Tax	18	12	14
PAT	**53**	**34**	**40**
PAT margin (%)	***39.9%***	***33.4%***	***53.8%***
EPS (Rs)	**20.2**	**13.1**	**15.2**
Adj. PAT	**53**	**34**	**40**
Adj. PAT margin (%)	***39.9%***	***33.3%***	***54.2%***
Adj. EPS	**20.2**	**13.1**	**15.3**

BALANCE SHEET			
Particulars (Rs cr)	**FY24**	**FY25**	**FY26**
Assets			
Net Block	12	13	10
Capital WIP	13	-	-
Right of use assets	0	0	0
Other Non current Assets	10	4	2
Current Assets			
Inventories	24	24	75
Current Investment	20	26	-
Trade receivables	8	28	67
Cash and Bank Balances	1	12	0
Short-term loans and advances	5	4	4
Other Current Assets	4	5	6
Total Current Assets	**62**	**99**	**152**
Current Liabilities & Provisions			
Trade payables	7	5	7
Other current liabilities	2	10	17
Short-term provisions	0	0	0
Total Current Liabilities	**10**	**14**	**25**
Net Current Assets	**53**	**85**	**127**
Total Assets	**88**	**117**	**155**
Liabilities			
Share Capital	0	26	26
Reserves and Surplus	70	79	119
Total Shareholders Funds	**71**	**105**	**145**
Total Debt	17	11	9
Long Term Provisions	-	0	0
Lease Liabilities	0	0	0
Net Deferred Tax Liability	0	0	-
Total Liabilities	**88**	**117**	**155**

Cash Flow Statement (Rs cr)	FY23	FY24	FY25
Cash flow from Operating Activities	32	28	(33)
Cash flow from Investing Activities	(30)	(11)	26
Cash flow from Financing Activities	(1)	(7)	(4)
Free Cash Flow	20	23	(34)

RATIOS			
Particulars	**FY24**	**FY25**	**FY26**
Profitability			
Return on Capital Employed	82.2%	41.3%	36.4%
Return on Equity	75.6%	32.8%	27.8%
Margin Analysis			
Gross Margin	53.5%	50.7%	81.7%
EBITDA Margin	51.1%	46.7%	76.6%
Net Profit Margin	39.9%	33.3%	54.2%
Short-Term Liquidity			
Current Ratio (x)	2.4	4.2	4.7
Quick Ratio (x)	1.4	3.2	2.4
Avg. Days Sales Outstanding	22	100	326
Avg. Days Inventory Outstanding	66	85	368
Avg. Days Payables	20	17	36
Fixed asset turnover (x)	10.9	8.0	7.2
Debt-service coverage (x)	4.1	3.7	5.2
Long-Term Solvency			
Total Debt / Equity (x)	0.2	0.1	0.1
Interest Coverage Ratio (x)	104.5	27.3	31.8
Valuation Ratios*			
EV/EBITDA (x)	14.1	19.6	16.8
P/E (x)	17.8	27.5	23.5
P/B (x)	13.4	9.0	6.5
EV/Sales (x)	7.2	9.2	12.9
Market Cap/Sales (x)	7.1	9.2	12.7

Valuation ratios are based on pre-issue capital at the upper price band
Source: RHP, SBICAP Securities Research

Peer Comparison – FY26

Particulars (Rs cr)	Sunshine Pictures	Panorama Studios	Balaji Telefilms
CMP (Rs)	360	46	93
Mkt Cap.	1,121	1,197	1,134
Enterprise Value	957	1,295	1,123
Revenue from Operations	74	308	211
EBITDA	57	24	(66)
Adj. PAT	40	16	(49)
EBITDA Margin (%)	76.6	7.8	(31.3)
PAT Margin (%)	54.2	5.2	(23.2)
RoE (%)	27.8	7.2	(7.9)
RoCE (%)	36.4	7.7	(9.8)
P/E (x)	27.8	74.8	-
EV/EBITDA (x)	16.8	54.0	-
EV/Sales (x)	12.9	4.2	5.3

For Sunshine Pictures Limited, the Market Cap, P/E(x), EV/EBITDA (x), and EV/Sales (x) are calculated on post-issue equity share capital based on the upper price band.

CMP for peer companies is closing price as of 17th August, 2026

Source: RHP, Exchange Filings, SSL Research

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