

IPO Details			Company Background				
Opening Date	Jan 29, 2024		<ul style="list-style-type: none"> Baweja Studios Limited was originally incorporated in the year 2001 and had its registered office in Andheri, Mumbai, India. The company is a production house in the Bollywood film industry. The company is a technology-based content production house that specialises in all formats of commercial films. The company is engaged in research & development of scripts, end-to-end production of content, Intellectual Property creation and monetisation of rights. As January 15, 2024, the Company had 16 employees on its payroll. 				
Closing Date	Feb 01, 2024						
Stock Exchange	NSE SME						
Lot Size	800 Shares						
Issue Price	₹ 170 to ₹ 180 per share						
Issue Size	Aggregating up to 97.20 Cr.						
Fresh Issue	Aggregating up to 72.00 Cr.						
Offer for Sale	Aggregating up to 25.20 Cr.						
Application Amount	₹ 1,44,000						
IPO Objective			Market Capitalization (In Cr.)				
Funding working capital requirements			Pre-Issue		Post-Issue		
General corporate purposes.			₹ 260		₹ 332		
Pre-Issue Shareholding			Financial Summary (In Lacs)				
Category	No. of Shares	% of Total Shares	For the Period Ended	Mar-21	Mar-22	Mar-23	Sep-23
Promoter & Promoter Group	1,44,26,349	99.99 %	Total Assets	3,223.68	3,056.03	4,489.98	4,202.56
Public	652	0.01%	Net Assets	448.13	724.07	1,986.28	2,422.07
Promoter of the Company			Total Borrowings	179.60	266.86	142.37	810.91
1.	Harijaspal Singh Baweja		Total Revenue	1,954.11	4,096.79	7,628.31	3,890.10
2.	Paramjit Harjaspal Baweja		Profit After Tax	764.58	275.95	796.91	435.77
3.	Harman Baweja		Tentative Timeline				
4.	Rowena Baweja		Opening Date	Jan 29, 2024			
Competitive Strengths			Closing Date	Feb 01, 2024			
1.	Leveraging the experience of the Promoter.		Basis of Allotment	Feb 02, 2024			
2.	Qualified Senior Management Team.		Initiation of Refunds	Feb 05, 2024			
3.	Long-standing relationship in the industry.		Credit of Shares to Demat	Feb 05, 2024			
4.	Quality assurance and standards.		Listing Date	Feb 06, 2024			
5.	Diverse and growing content library						
6.	Scalable business model						
7.	Distribution and Co-production model						

Company Background and Analysis

Baweja Studios Limited was originally incorporated on March 16, 2001. The company is a technology-based content production house that specialises in all formats of commercial films with an aim to push the boundaries of storytelling and technology advancements in the field. The company engages in research & development of scripts, end-to-end production of content, Intellectual Property creation and monetisation of rights.

In case of production, undertake the entire production activity of the film while retaining all the rights, titles, interests, copyrights, intellectual property rights, exploitation rights and all other ancillary rights of the films. The Company remains the sole owner and thus is solely responsible for activities such as marketing, promotion, and distribution among others and accrues all the revenues. In the case of co-production, serve as line producers wherein company produces the movies and deliver them to the clients (including the ownership and copyrights) as per the agreement for a pre-agreed fee ensuring predictable profits. In some cases, company do enter into profit-sharing arrangements with the clients.

Company's Business Model –

The company is in the business of originating, creating, developing and producing motion pictures and audio-visual content and their subsequent marketing, distribution and exploitation.

1. Sourcing Content – The company utilizes a substantial part of the capital on the development of content. The company sources content through a combination of content acquisition, in-house story development, remake rights, or rights for adaptations of literature from third parties.
2. Selection Process – The company shortlists a potential project and enters into a contract with the parties to deliver source material (story, screenplay and dialogues) of the film as per the timelines discussed and as per the terms of the agreements.
3. Model Selection and Execution – The company follows the process of acquisition/co-production or production model for a particular project.
4. Postproduction Activities – The company does the line production for most of the movies, company deliver quality content to the clients including, in most cases, transferring all the rights for a pre-agreed fee as per the agreement. For dubbing, sound, VFX, and video posts (except for editing which is generally done in-house outsource to different studios while they continuously monitor those activities.

Revenue bifurcation as per geography for the FY ended 2021, 2022, 2023, and Period Ended September 2023 are given below –

(Amt in Lakhs)

Particulars	Mar-21		Mar-22		Mar-23		Sep-23	
	Amt	%	Amt	%	Amt	%	Amt	%
Inside India	1,914.16	98.44	2,074.93	50.97	5,547.85	75.18	2,720.22	70.36
Outside India	30.38	1.56	1,996.09	49.03	1,831.20	24.82	1,146.13	29.64
Total	1,944.54	100.00	4,071.02	100.00	7,379.05	100.00	3,866.35	100.00

To conclude, the company has good experience in the industry in which it operates. The company is in the business of providing technology-based content production house business. The company is raising total gross proceeds of Rs. 97.20 Cr.

Business Strategies

1. Cross Promotion –

The company's objective is to market the existing and new content on multiple platforms, including OTT platforms. Adapting content for various streaming sources will enhance the visibility and recall of the brand.

2. Increasing the portfolio –

The company intends to release at least 5 new films (theatrical, digital, series, animation etc.) every year, with a mix of high, medium, and low-budget films, allowing them to leverage the new releases across numerous OTT platforms.

3. Scaling up the quality of content –

The company plans to develop the capabilities of conceptualizing and producing films which will cater to every entertainment demand of cinema viewers in terms of family drama, adventure, romantic narrative, and so on. The company aims to increase revenue predictability through presales and a portfolio of new releases, maintaining a wide release strategy, and continuing to establish a diverse content portfolio.

4. Diversified content library and strategic acquisition of rights –

The company intends to have a diversified content library and expand further into the music industry. The company intend to use the industry connections to help establish and expand the filmmaking company.

Competitive Scenario and Peer Mapping

Competition

In recent years the media & entertainment industry has become more competitive with large players in the film industry. The company faces competition from both the existing players and new entrants since more and more production houses are coming up and there are no major entry barriers in the film industry. The company also faces competition from other segments of entertainment media including but not limited to television channels, radio, OTT and print.

Peer Analysis

The comparison of the key performance indicators of the listed peers as of Mar-23 is given below -

Particulars	Baweja Studios Limited	Shemaroo Entertainment Limited	Eros International Media Limited	Zee Entertainment Enterprises Limited	Mukta Arts Limited	Vels Film International Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	11%	2%	-18%	1%	-12%	1%
EBITDA Margin	12%	8%	-18%	14%	3%	14%
Return on Capital Employed	41%	4%	-6%	7%	-10%	5%
Return on Equity	40%	2%	-12%	0%	90%	1%
EPS (INR)	7.83	3.44	-12.15	0.50	-8.30	1.12

The comparison of the key performance indicators of the listed peers as of Mar-22 is given below -

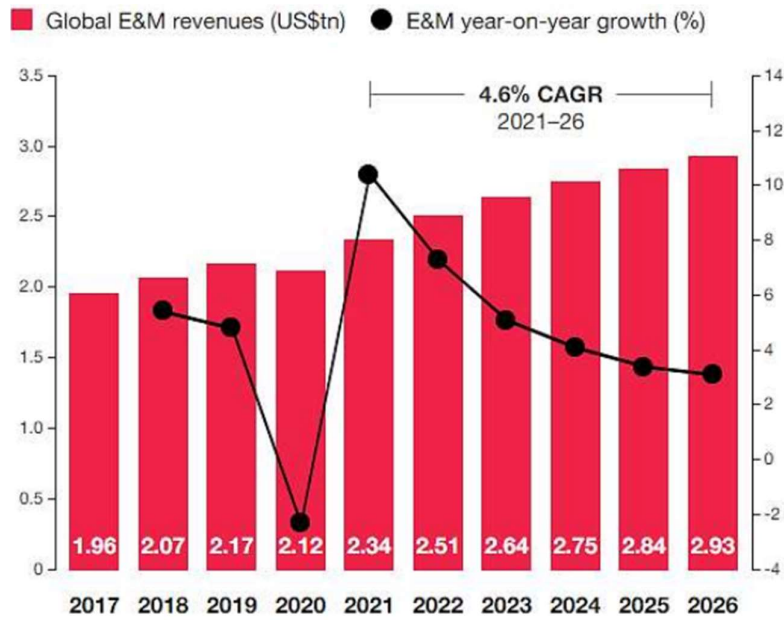
Particulars	Baweja Studios Limited	Shemaroo Entertainment Limited	Eros International Media Limited	Zee Entertainment Enterprises Limited	Mukta Arts Limited	Vels Film International Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	6.78%	1.31%	-2.41%	11.68%	5%	12%
EBITDA Margin	10%	10%	-9%	22%	14%	34%
Return on Capital Employed	42%	3%	-2%	14%	1%	6%
Return on Equity	38%	1%	-1%	9%	150%	17%
EPS (INR)	2.82	1.94	-0.79	10.04	2.75	3.56

The comparison of the key performance indicators of the listed peers as of Mar-21 is given below -

Particulars	Baweja Studios Limited	Shemaroo Entertainment Limited	Eros International Media Limited	Zee Entertainment Enterprises Limited	Mukta Arts Limited	Vels Film International Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	39.32%	-7.1%	-69.1%	10.3%	-16.4%	23%
EBITDA Margin	59.6%	4.2%	-61.5%	20.8%	9.6%	31%
Return on Capital Employed	184.1%	0.7%	-7.1%	13.0%	-11.7%	52%
Return on Equity	170.6%	-3.8%	-17.4%	7.9%	400.0%	38%
EPS (INR)	7.82	-7.90	-18.80	8.33	-5.45	-

Industry Overview

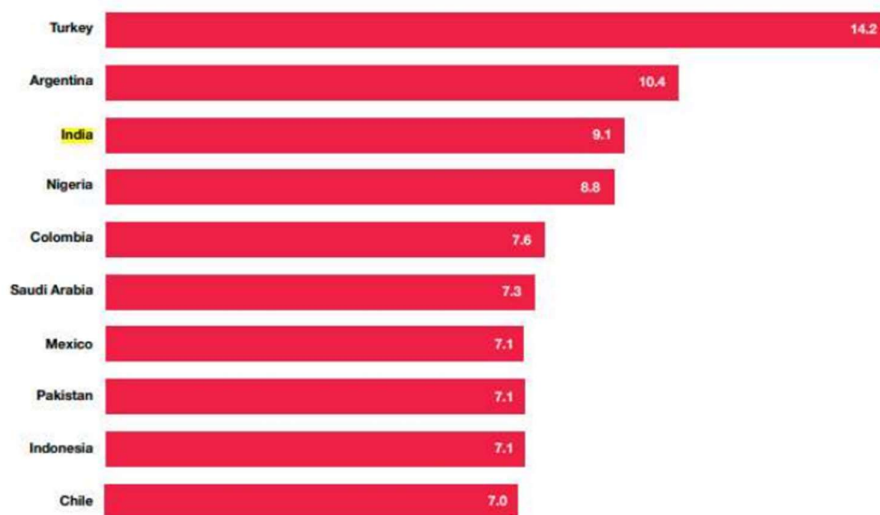
Exhibit 1: Global E&M Market



Note: 2021 is the latest available data. 2022–2026 values are forecasts.

Exhibit 2: Rising Consumers

Top ten countries by consumer growth, 2021–26, CAGR, %



Note: 2021 is the latest available data. 2022–2026 values are forecasts.

(Source: Prospectus)

Indian Media and Entertainment Industry -

Indian media industry has tremendous scope for growth in all the segments due to rising income and evolving lifestyle. The Indian Media and Entertainment (M&E) industry is a sunrise sector for the economy and is making significant strides. The increasing availability of fast and cheap internet, rising incomes, and increasing purchases of consumer durables have significantly aided the industry.

India's media and entertainment industry are unique as compared to other markets. The industry is well known for its extremely high volumes and rising Average Revenue Per User (ARPU). This significantly aided the country's industry and made India leading in terms of digital adoption and provided companies with uninterrupted rich data to understand their customers better. India has also experienced growing opportunities in the VFX sector as the focus shifted globally to India as a preferred content creator.

Proving its resilience to the world, Indian M&E industry is on the cusp of a strong phase of growth, backed by rising consumer demand and improving advertising revenue. According to a FICCI-EY report, the advertising to GDP ratio is expected to reach 0.4% by 2025 from 0.38% in 2019. India's media and entertainment (M&E) industry is expected to report revenues amounting to INR 1.6 trillion in FY24 as television (TV) and print media is expected to witness a rebound in advertising revenues, according to a report from rating agency Crisil.

According to the report, the TV industry is expected to see INR 73,500 crore in revenue next year, followed by print media at INR 29,300 crore and digital at INR 28,700 crore. Additionally, the film exhibition segment's market size will reach INR 25,000 crore in FY24, as the sector's recovery will be led by higher average ticket prices and spending per head, an improvement in occupancy levels.

Additionally, digital media will reach growth levels above pre-pandemic levels. The launch of 5G and the further availability of inexpensive internet data will push online video consumption in the country, allowing digital ads to grow and become the second-biggest medium of advertising. On the other hand, the print media is expected to regain 90% of

Global Media and Entertainment Industry -

The global entertainment & media (E&M) industry surged ahead last year, strongly outpacing overall global economic growth. Following a pandemic-related 2.3% decline in 2020, E&M revenue rose a strong 10.4% in 2021, from US\$2.12trn to US\$2.34trn. With the industry becoming more digital, more mobile and more youth-oriented, virtual reality (VR) and gaming are powerful growth drivers, while digital advertising permeates all of the industry.

Global video games and E-sports revenue totaled US\$215.6bn in 2021 and is forecast to grow at an 8.5% CAGR to US\$323.5bn in 2026. Asia Pacific generated the lion's share of revenues in 2021 with US\$109.4bn, almost double North America, the second highest region. Gaming is now the third-largest data-consuming E&M content category, behind video and communications.

(Source: prospectus)

Key Managerial Personnel

Harman Baweja, aged 43 years, is one of the Promoters, Chairman and Managing Director of the Company. He holds a Bachelor of Commerce Degree. He has over 20 years of experience in the field of filmmaking.

Paramjit Harjaspal Baweja, aged 68 years, is one of the Promoters, and an Executive Director of the Company. She has been associated with the Company since its incorporation. She has experience over 20 years in the film industry. She has been a producer in a few films in the Bollywood film industry. She also holds a degree in bachelor in art.

Rowena Baweja, aged 42 years, is one of the Promoters and Non-Executive Director of the Company. She has completed her Higher Secondary Education. She has over 10 years of experience in the field of every aspect of Filmmaking at Baweja Studios Limited.

Harjaspal Singh Baweja, aged 69 years, is the Promoter of the company. He completed his Higher Secondary School. He was appointed as Executive Director of the Company with effect from March 16, 2001, later he resigned from the office of directorship with effect from April 04, 2023.

Amreetaa Roy Panneriy, aged 49 years, is the Independent Director of the Company. She holds a degree in B.Sc. and a degree in LLB. She previously worked at Sahara India Pariwar. She has over 14 years of experience in the field of secretarial.

Yatin Gupta, aged 51 years, is the Independent Director of the Company. He holds a bachelor's degree in commerce from Sydenham College of Commerce & Economics. He has over 32 years of experience in the field of Logistics & Transport.

Anil Rustgi, aged 63 years, is the Independent Director of the Company. He is a qualified company secretary from the Institute of Company Secretaries of India, a qualified insolvency professional and also an IBBI registered valuer. He has over 38 years of experience in practicing company secretary field having exposure in company secretarial, legal, compliance management, and corporate governance.

To conclude, the company has 4 promoters, out of which 3 of them are involved in the management and they have vast experience in the industry in which the company operates. The Directors of the company have good experience in fields which help in the growth of the company.

Financial Snapshot

Profit and Loss Statement					(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23	
Revenue from Operations	1,944.54	4,071.02	7,379.05	3,866.35	
Other Income	9.57	25.77	249.26	23.75	
Total Income	1,954.11	4,096.79	7,628.31	3,890.10	
Expenses					
Operational expenses	524.05	3,492.19	6,261.42	3,136.58	
Employee benefits expense	14.37	18.95	57.07	28.68	
Finance costs	7.61	28.02	49.03	23.94	
Depreciation and Amortization expense	3.02	10.84	32.72	25.89	
Loss on sale of investment	52.29	3.99	-	-	
Preliminary expenses	-	11.89	7.56	-	
Other expenses	195.10	122.12	150.94	93.58	
Total Expenses	796.44	3,688.00	6,558.74	3,308.67	
Earnings Before Interest, Taxes, Depreciation & Amortization	1,158.73	421.88	902.06	607.51	
EBITDA Margin	60%	10%	12%	16%	
Profit/(Loss) before tax	1,157.67	408.79	1,069.57	581.43	
Tax Expense					
Current Tax	376.99	116.59	273.34	146.56	
Deferred Tax	-6.43	3.28	-5.37	-0.56	
Earlier year tax	22.53	12.97	4.69	0.12	
Total Tax Expense	393.09	132.84	272.66	146.12	
Profit/(Loss) for the year	764.58	275.95	796.91	435.31	
Net Profit Margin	39.13%	6.74%	10.45%	11.19%	

Balance Sheet					(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23	
EQUITY AND LIABILITIES					
1. Shareholders' funds					
Share Capital	3.00	543.00	1,442.70	1,442.70	
Reserve and Surplus	445.13	181.07	543.58	979.37	
Total Equity	448.13	724.07	1,986.28	2,422.07	
2. Non-current liabilities					
Long Term Borrowings	179.60	259.80	119.24	786.72	
Long Term Provisions	-	-	8.80	8.93	
Total Non-current liabilities	179.60	259.80	128.04	795.65	
3. Current liabilities					
Financial Liabilities					
Short-term borrowings	-	7.06	23.13	24.19	
Trade payables	560.91	832.95	1,362.94	799.00	
Provisions	223.01	85.23	8.82	110.74	
Other Current Liabilities	1,812.03	1,146.91	980.75	50.91	
Total Current liabilities	2,595.95	2,072.15	2,375.64	984.84	
Total Liabilities	2,775.55	2,331.95	2,503.68	1,780.49	
Total Equity and Liabilities	3,223.68	3,056.02	4,489.96	4,202.56	
ASSETS					
1. Non-current assets					
Property, Plant and Equipment					
Tangible Assets	10.46	49.22	162.49	137.05	
Investments	72.42	0.42	499.64	499.64	
Deferred tax assets	14.26	10.98	16.35	16.76	
Total Non-Current assets	97.14	60.62	678.48	653.45	

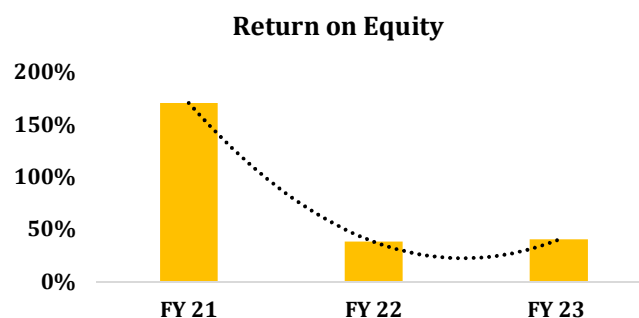
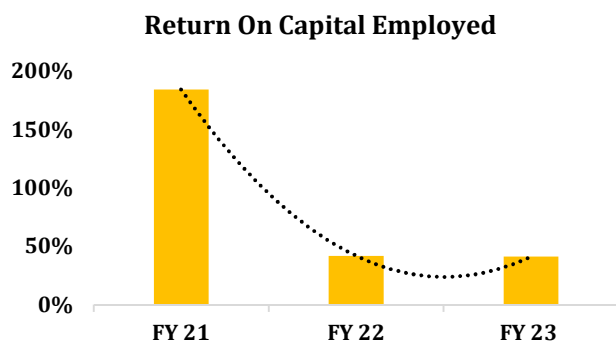
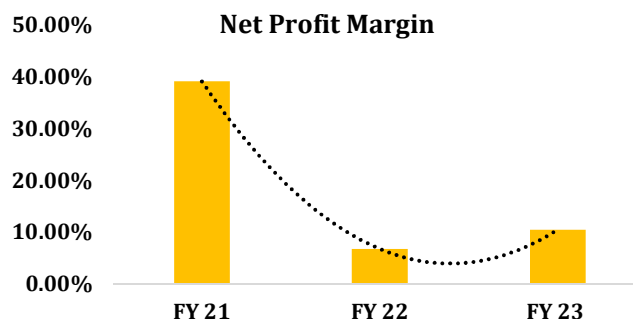
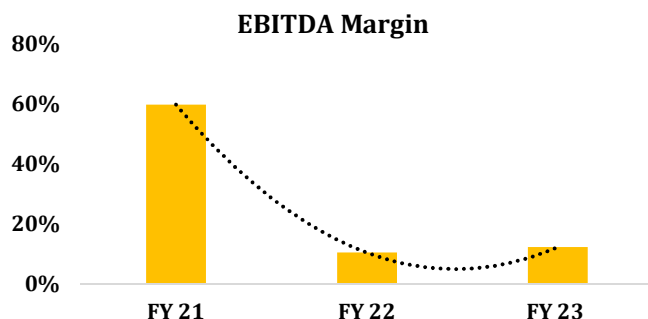
Balance Sheet					(In Lacs)
2. Current assets					
Current Investments					
Inventories	1,175.87	949.97	2,223.18	1,634.65	
Trade receivables	775.66	574.87	742.04	1,119.52	
Cash and Bank Balances	15.15	61.35	131.94	14.43	
Loans	954.06	972.59	421.12	447.46	
Others	53.59	1.00	11.03	8.84	
Current tax assets	70.47	156.60	231.19	176.84	
Other current assets	81.74	279.03	51.00	147.37	
Total Current assets	3,126.54	2,995.41	3,811.50	3,549.11	
Total Assets	3,223.68	3,056.03	4,489.98	4,202.56	

Cash Flow Statement					(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23	
Net Cash Flow from Operating Activities	32.99	-69.38	371.97	-778.57	
Net Cash Flow from Investing Activities	28.88	40.96	-598.47	16.46	
Net Cash Flow from Financing Activities	-210.61	74.62	297.09	644.60	

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Sep-23*
<u>Per Share Data</u>				
Diluted EPS	7.82	2.82	7.83	4.72
BV per share	2.43	3.93	10.78	54.58
<u>Operating Ratios</u>				
EBITDA Margins	59.59%	10.36%	12.22%	15.71%
PAT Margins	39.13%	6.74%	10.45%	11.18%
Inventory days	220.72	85.17	109.97	77.37
Debtor days	145.60	51.54	36.70	52.99
Creditor days	390.67	87.06	79.45	46.62
<u>Return Ratios</u>				
RoCE	184%	42%	41%	10%
RoE	171%	38%	40%	9%
<u>Valuation Ratios (x)</u>				
EV/EBITDA	0.53	2.20	2.21	9.48
Market Cap / Sales	17.06	8.15	4.49	4.29
P/E	23.02	63.83	22.99	38.12
Price to Book Value	74.02	45.81	16.70	3.30
<u>Solvency Ratios</u>				
Debt / Equity	0.40	0.37	0.07	0.33
Current Ratio	1.20	1.45	1.60	3.60
Quick Ratio	0.75	0.99	0.67	1.94
Asset Turnover	0.60	1.33	1.64	0.92
Interest Coverage Ratio	151.87	14.67	17.73	24.29

*Ratio sheet for Sep-23 is annualized.

Financial Charts



Key Risk Factors

1. The company is subject to concentration risks relating to the group of customers in the television broadcast and New Media industry.
2. The company has contingent liabilities amounting to Rs. 36.13 lakhs on a restated consolidated basis could materially and adversely affect the business, results of operations and financial condition.
3. There are outstanding legal proceedings involving the Company, Directors and Promoter amounting to Rs. 328.69 lakhs which, if determined adversely, may adversely affect the business and financial condition.

Track Record of Lead Manager

The lead manager to the issue is Fedex Securities Private Limited. A table has been set below highlighting the details of the IPO of the last 10 companies handled by the Lead Manager in recent times –

Fedex Securities Private Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	IBL Finance Limited	33.41	51.00	January 16, 2024	61.20
2.	KK Shah Hospitals Limited	8.78	45.00	November 06, 2023	75.00
3.	Committed Cargo Care Limited	24.98	77.00	October 18, 2023	58.00
4.	Sharp Chucks and Machines Limited	16.84	58.00	October 12, 2023	68.90
5.	Oneclick Logistics India Limited	9.91	99.00	October 11, 2023	74.00
6.	Kundan Edifice Limited	25.22	91.00	September 26, 2023	208.05
7.	Pramara Promotions Limited	15.27	63.00	September 13, 2023	152.00
8.	Yasons Chemex Care Limited	20.57	40.00	August 03, 2023	30.05
9.	Pattech Fitwell Tube Components Limited	12.00	50.00	April 21, 2023	60.00
10.	Lead Reclaim and Rubber Products Limited	4.88	25.00	February 21, 2023	34.40

The company has handled 16 mandates in the past three years (including the current year)

*CMP for the above-mentioned companies is taken as of 25th January 2024.

As per the offer document, from the above-mentioned mandates 2 have opened at discounts and the remaining mandates have opened at premiums on the listing day.

Recommendation

The company has been in the industry since 2001 and has good experience in the industry. The company's management overview is not satisfactory. The company also faces significant competition in the industry.

The P/E on an annualized and post-IPO basis is 38.12 times which seems to be aggressively priced by looking at the performance of the company and the sector. The Sector P/E is 64.0 times.

The industry in which the company operates is highly competitive. The company has seen an increase in the top line of its financials. The company has not seen a proper trend in the profitability margins over the years. The company's overall financial outlook is not that satisfactory. The company does not have any unique strategies mentioned for growth. Looking at the current P/E we believe one should **AVOID** applying to this IPO.

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