



BASILIC FLY STUDIO LIMITED

Corporate Identification Number: U92100TN2016PLC103861

Our Company was incorporated as a private limited company under the name of “Basilic Fly Studio Private Limited” under the Companies Act, 2013 vide certificate of incorporation dated January 28, 2016, issued by the Registrar of Companies, Chennai, bearing Corporate Identification Number (CIN) U92100TN2016PTC103861. Subsequently, our Company was converted into a Public Limited Company pursuant to the special resolution passed by the Shareholders of our Company on December 29, 2022. Consequent upon conversion of our Company into public limited, the name of company was changed from “Basilic Fly Studio Private Limited” to “Basilic Fly Studio Limited” and a fresh Certificate of Incorporation dated May 19, 2023, was issued by the Registrar of Companies, Chennai. The CIN of the Company changed to U92100TN2016PLC103861. For further Details of Incorporation and Change in Registered Office of our Company, please refer to section titled “Our History and Certain Other Corporate Matters” beginning on page **Error! Bookmark not defined.** of this Draft Red Herring Prospectus.

Registered Office: Tower A, KRC Commerzone, Mount Poonamallee Road, Porur Chennai Tamil Nadu 600116 India

Tel: + 91 9416422201; **E-mail:** cs@basilicfly.com; **Website:** www.basilicflystudio.com ;

Contact Person: Mr. Nikhil Midha, Company Secretary and Compliance Officer;

OUR PROMOTERS: MR. BALAKRISHNAN AND MS. YOGALAKSHMI S

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED JULY 17, 2023; NOTICE TO THE INVESTORS (“THE ADDENDUM”)

INITIAL PUBLIC OFFER OF UP TO 68,40,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (“EQUITY SHARES”) OF BASILIC FLY STUDIO LIMITED (THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY (THE “OFFER PRICE”) AGGREGATING TO ₹ [●] LAKH (THE “OFFER”) COMPRISING OF A FRESH OFFER OF UP TO 62,40,000 EQUITY SHARES AGGREGATING TO ₹ [●] LAKH (THE “FRESH OFFER”) AND AN OFFER FOR SALE OF 6,00,000 EQUITY SHARES BY THE SELLING SHAREHOLDERS (“OFFER FOR SALE”) AGGREGATING TO ₹ [●] LAKH OF WHICH [●] EQUITY SHARES AGGREGATING TO ₹ [●] LAKH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE OFFER (THE “MARKET MAKER RESERVATION PORTION”). THE OFFER LESS THE MARKET MAKER RESERVATION PORTION I.E. NET OFFER OF [●] EQUITY SHARES AGGREGATING TO ₹ [●] LAKH (THE “NET OFFER”). THE OFFER AND THE NET OFFER WILL CONSTITUTE [●] % AND [●] % RESPECTIVELY OF THE POST OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

Potential Bidders may note the following:

- In the sections “SUMMARY OF OFFER DOCUMENTS”, “RISK FACTORS”, “INTRODUCTION- OBJECTS OF THE OFFER”, “ABOUT THE COMPANY- OUR BUSINESS”, “ABOUT THE COMPANY- OUR MANAGEMENT” , “ABOUT THE COMPANY- OUR GROUP COMPANY” “FINANCIAL INFORMATION- MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS”, “Capital Structure”, “FINANCIAL INFORMATION- FINANCIAL INDEBTEDNESS”, “LEGAL AND OTHER INFORMATION- OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS”, and “LEGAL AND OTHER INFORMATION-GOVERNMENT AND OTHER APPROVALS” provided herein below as part of Addendum, shall stand suitably updated..

The above changes are to be read in conjunction with the DRHP and accordingly their references in the DRHP stand amended to the extent stated in this Addendum. The information in this Addendum supplements the DRHP and updates the information in the DRHP, as applicable. However, this Addendum does not reflect all the changes that have occurred between the date of filing of the DRHP and the date hereof, and accordingly does not include all the changes and/or updates that will be included in the Red Herring Prospectus and the Prospectus. Please note that the information included in the DRHP, including to the extent stated in this Addendum, will be suitably updated, as may be applicable in the Red Herring Prospectus and the Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchanges. Investors should not rely on the DRHP or this Addendum for any investment decision, and should read the Red Herring Prospectus, as and when it is filed with the RoC, SEBI and the Stock Exchanges before making an investment decision with respect to the Offer. All capitalised terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus

On behalf of Basilic Fly Studio Limited

Place: Chennai

Sd/-

Date: 17th August, 2023

Mr Nikhil Midha

Company Secretary & Compliance Officer

BOOK RUNNING LEAD MANAGER

REGISTRAR TO THE OFFER



GYR CAPITAL ADVISORS PRIVATE LIMITED
(Formerly known as Alpha Numero Services Private Limited)
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Telephone: +91 87775 64648
Fax: N.A.
E-mail: info@gyrcapitaladvisors.com
Website: www.gyrcapitaladvisors.com
Investor grievance: investors@gyrcapitaladvisors.com
Contact Person: Mohit Baid
SEBI Registration Number: INM000012810
CIN :- U67200GJ2017PTC096908

PURVA SHAREREGISTRY (INDIA) PRIVATE LIMITED
Address: 9 Shiv Shakti Industrial Estate, J.R Boricha Marg, Lower Parel (East),
Mumbai- 400011, Maharashtra
Tel. No.: +91-022-4961-4132, 022-3199-8810
Email: support@purvashare.com
Contact Person: Ms. Deepali Dhuri
SEBI Registration No.:
INR000001112
Website: <https://www.purvashare.com/>
CIN: - U92100TN2016PLC103861

OFFER PROGRAMME

ANCHOR INVESTOR PORTION OFFER OPENS/CLOSES*	[●]
BID/OFFER OPENS ON: *	[●]
BID/OFFER CLOSES ON: **	[●]

*Our Company and the Selling Shareholder, in consultation with the Book Running Lead Manager may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/offer Period shall be one Working Day prior to the Bid/Issue Opening Date.

** Our Company and the Selling Shareholders may in consultation with the BRLM, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulation.

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SECTION II - SUMMARY OF OFFER DOCUMENTS

SUMMARY OF OUR BUSINESS OVERVIEW

Our Company was incorporated as a private limited company under the name of “Basilic Fly Studio Private Limited” under the Companies Act, 2013 vide certificate of incorporation dated January 28, 2016, issued by the Registrar of Companies, Chennai, bearing Corporate Identification Number (CIN) U92100TN2016PTC103861. Subsequently, our Company was converted into a Public Limited Company pursuant to the special resolution passed by the Shareholders of our Company on December 29, 2022. Consequent upon conversion of our Company into public limited, the name of company was changed from “Basilic Fly Studio Private Limited” to “Basilic Fly Studio Limited” and a fresh Certificate of Incorporation dated May 19, 2023, was issued by the Registrar of Companies, Chennai. The CIN of the Company changed to U92100TN2016PLC103861.

The Promoters of the company had started the business operations in form of a partnership firm incorporated in the year 2013 which was subsequently dissolved in 2019, while in the year 2016 the company Basilic Fly Studio Private Limited was incorporated. We are a visual effects (VFX) studio headquartered in Chennai, India with subsidiaries operating at Canada and UK which specialize in creating visual experiences that captivate audiences around the world.

We hold proficiency in the VFX industry and have delivered high-quality VFX solutions for movies, TV, net series, and commercials.

At our Company, we have established a strong presence in the industry by forging direct partnerships with diverse production houses, as well as collaborating with prominent VFX companies and studios through sub-contracting arrangements. Many VFX companies and studios choose to outsource certain aspects to specialized teams who are equipped with expertise, infrastructure, and technology to manage large-scale VFX projects.

OBJECTS OF THE OFFER

Utilization of Net Proceeds:

We intend to utilize the proposed net proceeds in the manner set forth below:

(₹ in Lakhs)		
S. N.	Particulars	Amount (In ₹. Lakh)
1	Expenditure for setup of Studio/Facility at Hyderabad and Salem	Up to 2135.72
2	Expenditure for adding infrastructure to further strengthen the existing facilities/offices of the company located at Chennai and Pune.	Up to 1961.4
3	<i>Making investment through equity in the subsidiaries for expansion of workspace by acquiring new office space located at London and strengthen the existing facilities/offices located at Vancouver</i>	Upto 465.14
4	General Corporate Purposes*	[•]
5	Issue Expenses	[•]
Total		[•]

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

SUMMARY OF OUTSTANDING LITIGATIONS & MATERIAL DEVELOPEMENTS

A summary of pending legal proceedings and other material litigations involving our Company is provided below:

Name	By/Against	Civil Proceedings	Criminal Proceedings	Tax Proceedings	Other Material litigations	Actions by regulatory authorities	Amount Involved (Rs. In Lakhs)
Company	By	-	-	4	-	-	99.84
	Against	-	-	-	-	-	-
Promoter	By	-	-	-	-	-	-
	Against	-	-	-	-	-	-
Subsidiaries/Entities	By	-	-	-	-	-	-
	Against	-	-	-	-	-	-
Directors other than promoters	By	-	-	-	-	-	-
	Against	-	-	-	2	-	280.81

SECTION III- RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties summarized below, before making an investment in our Equity Shares. The risks described below are relevant to the industries our Company is engaged in, our Company and our Equity Shares. To obtain a complete understanding of our Company, you should read this section in conjunction with the chapters titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page numbers 95 and 140 respectively, of this Draft Red Herring Prospectus as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. Prior to making an investment decision, prospective investors should carefully consider all of the information contained in the section titled “Financial Statement, as Restated” beginning on page number 139 of this Draft Red Herring Prospectus.

If any one or more of the following risks as well as other risks and uncertainties discussed in the Draft Red Herring Prospectus were to occur, our business, financial condition and results of our operation could suffer material adverse effects and could cause the trading price of our Equity Shares and the value of investment in the Equity Shares to materially decline which could result in the loss of all or part of investment. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India, and is therefore subject to a legal and regulatory environment that may differ in certain respects from that of other countries.

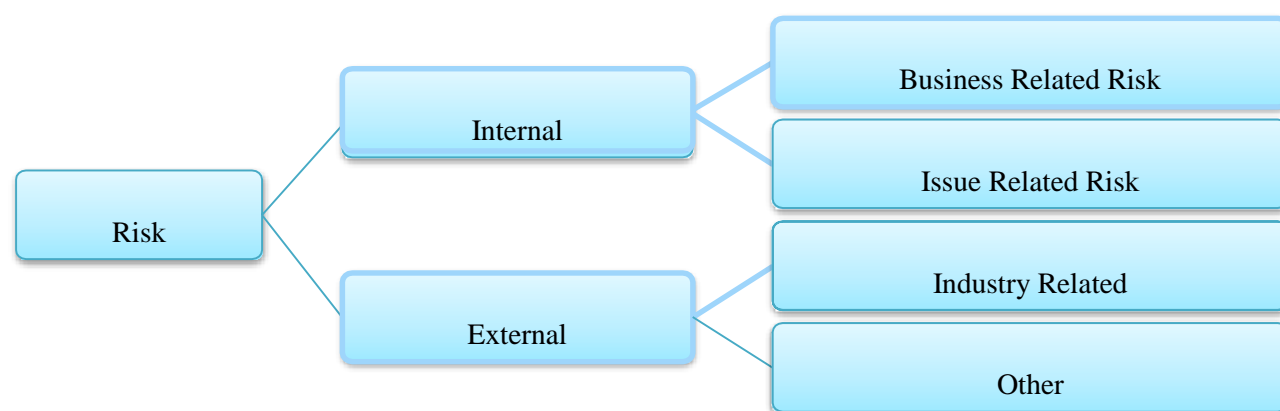
This Draft Red Herring Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the considerations described below and elsewhere in the Draft Red Herring Prospectus. These risks are not the only ones that our Company face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify financial or other implication of any risks mentioned herein.

Materiality

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality.

- 1. Some events may not be material individually but may be material when considered collectively.*
- 2. Some events may have an impact which is qualitative though not quantitative.*
- 3. Some events may not be material at present but may have a material impact in the future.*

Classification of Risk Factors



Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context requires otherwise, the financial information of our Company has been derived from the Restated Financial Information. The risk factors are classified as under for the sake of better clarity and increased understanding.

INTERNAL RISK FACTORS

- 1. Our Company has delayed in compliances with some statutory provisions of the Companies Act and delayed compliance may attract penalties against our company which could impact the financial position of us to that extent.***

In the past, there have been certain instances of delays in filing statutory forms as per the reporting requirements under the Companies Act, 2013 with the RoC such as delay in filing of e-forms PAS-3 pursuant to Section 39(4) and 42(9) of the Companies Act, 2013 and rule 12 and 14 Companies (Prospectus and Allotment of Securities) Rules, 2014; e-form DPT-3 pursuant to Rule 16 of the Companies (Acceptance of Deposits) Rules; e-form ADT-1 and ADT-3 regarding Appointment of Statutory Auditor. Subsequently, these forms have been filed by making the payment of an additional fee of Rs. 36,000 in total, as specified by RoC.

No show-cause notice in respect to the above has been received by our Company till date and except as stated in this Prospectus, no penalty or fine has been imposed by any regulatory authority in respect to the same. It cannot be assured, that there will not be such instances in the future our Company will not commit any further delays or defaults in relation to its reporting requirements, or any penalty or fine will not be imposed by any regulatory authority in respect to the same. The happening of such event may cause a material effect on our results of operations and financial position.

3. If we are unable to attract new clients or our existing clients do not renew their contract, the growth of our business and cash flows will be adversely affected.

Our top five clients contributed approximately Rs. 1054.50 Lakhs, Rs.969.29 Lakhs and Rs. 3230.82 our revenue from operations based on Restated Standalone Financial Statements for the period ended 31st March, 2021, 31st March 2022 and 31st March 2023 which is 61%, 41% and 46% of our total revenue respectively. To increase our revenue and cash flows, we must regularly add new clients. If we are unable to generate sufficient sales leads through our marketing programs, or if our existing or new clients do not perceive our services to be of sufficiently high value and quality, we may not be able to increase sales and our operating results would be adversely affected. In addition, our existing clients have no obligation to repeat contracts / award new projects to us due to various factors including clients' satisfaction with our services, acceptance of our creative work by the viewers, changing preference of viewers, our prices and the prices of competing service providers. If we fail to achieve repetitive projects from existing clients or to add new clients, our operating results will suffer, and our revenue growth, cash flows and profitability may be materially and adversely affected.

4. The Objects of the Issue for which funds are being raised, are based on our management estimates and any bank or financial institution or any independent agency has not appraised the same. The deployment of funds in the project is entirely at our discretion, based on the parameters as mentioned in the chapter titled Objects of the Issue”.

The fund requirement and deployment, as mentioned in the “Objects of the Offer” on page 70 of this Draft Red Herring Prospectus is based on the estimates of our management and has not been appraised by any bank or financial institution or any other independent agency. These fund requirements are based on our current business plan. We cannot assure that the current business plan will be implemented in its entirety or at all. In view of the highly competitive and dynamic nature of our business, we may have to revise our business plan from time to time and consequently these fund requirements. The deployment of the funds as stated under chapter “Objects of the Issue” is at the discretion of our Board of Directors and is not subject to monitoring by any external independent agency. Further, we cannot assure that the actual costs or schedule of implementation as stated under chapter “Objects of the Issue” will not vary from the estimated costs or schedule of implementation. Any such variance may be on account of one or more factors, some of which may be beyond our control. Occurrence of any such event may delay our business plans and/or may have an adverse bearing on our expected revenues and earnings.

25 We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.

Our Company has entered into related party transactions with our Promoter and Promoter Group Entities amounting to Rs. 145.09 lacs, Rs. 27.01 lacs and Rs.67.18 lacs in March 31, 2023, March 31, 2022 and March 31, 2021 respectively. While our Company believes that all such transactions have been conducted on an arm's length basis and we confirm that the related party transactions entered into by the company are in compliance with the relevant provisions of Companies Act and other applicable laws. However there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations

For further information, relating to our related party transactions, see “Restated Financial Information” and “Management's Discussion and Analysis of Financial Condition and Results of Operations beginning on pages 139 and 140 respectively.

Utilization of Net Proceeds and Potential Expenditure Risks towards fulfilment of object of the Company

We intend to utilize portions of the Net Proceeds to make investment in our subsidiary, to set up new studio and adding infrastructure to strengthen the existing facilities/offices. For details in respect of the foregoing, see “Objects of the Offer” on page 70. As the Orders have not yet been placed, we cannot assure you that we will be able to undertake such expenditure within the cost indicated by such

quotations or that there will not be cost escalations. Further, the actual amount and timing of our future capital requirements may differ from our estimates as a result of, among other things, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, engineering design changes and technological changes.

Our Company has availed certain unsecured loans which may be recalled at any time.

Our Company has availed certain unsecured loans of amount of ₹ 212.33 lakhs which is outstanding as on March 31, 2023, which may be recalled at any time. In the event, any of such unsecured lenders seek a repayment of any these loans, our Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. If we are unable to arrange for any such financing arrangements, we may not have adequate working capital to undertake new projects or complete our ongoing projects. Therefore, any such demand may adversely affect our business, financial condition and results of operations. For further details, see Financial Indebtedness on page 147 of this Draft Red Herring Prospectus.

Our ability to remain competitive may be adversely affected by rapid technological changes and our ability to access such technology

The Indian media and entertainment industry is rapidly evolving, and the use of technology is becoming increasingly important. We rely on technology for a number of our core activities, including the creation, production, and distribution of our visual effects. We may not be successful in adopting new visual effect methods or may lose market share to our competitors if the methods that we adopt are not as technologically sound, user-friendly, widely accessible or appealing to consumers as those adopted by our competitors. Further, advances in technologies or alternative methods or changes in consumer behaviour driven by these or other technologies, could have a negative effect on our business. Other competitor companies may have greater financial strength to adopt new growing technological trends ahead of us. In order to remain competitive, we would be required to upgrade our technology, and any failure to do so could have a material adverse effect on our business, prospects, financial condition and results of operations.

We may be unable to adequately protect our intellectual property and may be subject to risks of infringement claims.



We own and registered trade mark **BASILIC FLY** under the Trade Mark Act, 1999. Our Company has filed application on 17th July,



2023 for **BASILIC FLY** which is currently pending with the Authority. There can be no assurance that we will be able to successfully obtain or renew our registration in a timely manner or at all, which may affect our ability to use the brand in the future. We may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection until such time that this registration is granted.

The measures we take to protect our intellectual property include relying on Indian laws and initiating legal proceedings, which may not be adequate to prevent unauthorised use of our intellectual property by third parties. We may also incur significant costs in connection with legal actions relating to such rights. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe on our rights, which may have an adverse effect on our business, results of operations and financial condition. Our failure to detect counterfeiting or imitation of our own brand products and trademarks and to mitigate the adverse impact from such counterfeiting and imitation could result in a decrease in our sales volume or market share.

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing any existing third-party intellectual property rights, which may force us to alter our offerings. We may also be susceptible to claims from third parties asserting infringement and other related claims. If similar claims are raised in the future, these claims could result in costly litigation, divert management's attention and resources, subject us to significant liabilities and require us to enter into potentially expensive royalty or licensing agreements or to cease certain offerings. Any of the foregoing could have an adverse effect on our business, results of operations and financial condition

7. Any non-compliance or delays in GST Return Filings EPF, Provident fund and EDIL contribution Payments may expose us to penalties from the regulators.

As a Company, we are required to file GST returns and make payments in respect of Employee Provident Fund, EDIL contribution with the respective authorities.

However there are certain inadvertent delays in relation to filing of GST returns and mismatch in GSTR 1 and GSTR 3B in the financial year 2017-18 and 2019-20 respectively and Company has paid penalty amounting to Rs. 1,00,000 and 50,000 respectively for the same.

There are certain inadvertent delays in relation to payment of EPF, Provident fund and EDIL contribution in the year 2019-20. However

Employee Provident Fund Organisation has provided relief to establishments and factories covered under the EPF and MP Act 1952 by granting exemption from the levy of penal damages for delays in depositing dues during the lockdown vide circular no. C-I/Misc/2020-21/Vol.I/1112. Company was not required to pay any penalty in the year 2019-20.

However, we cannot assure that we will not be subject to any legal proceeding or regulatory actions, including monetary penalties by statutory authorities on account of any inadvertent discrepancies in our GST filing EPF payment, Provident fund payment, EDIL contribution etc in future, which may adversely affect our business, financial condition, and reputation.

5. Our Company is subject to foreign exchange control regulations and foreign currency transactions which can pose a risk of currency fluctuations.

Our Company is involved in business transactions with international clients and has conducted the same in accordance with the rules and regulations prescribed under FEMA. It may be noted that the Company has instances of loss recorded due to exchange rate fluctuation **amounting to Rs.1.20 lacs** in the year 2023. There has been no penalty imposed against the Company in past for any business transactions with international clients and the Company have duly adhered to the rules and regulations under FEMA in this regard. Further, our international operations make us susceptible to the risk of currency fluctuations, which may directly affect our operating results. In case we are unable to adhere to the timelines prescribed under the applicable laws or are unable to mitigate the risk of currency fluctuation, it could adversely affect our business, results of operations, financial conditions and cash flows.”

24. The average cost of acquisition of Equity Shares by our Promoters could be lower than the issue price.

Our Promoters’ average cost of acquisition of Equity Shares are as follows.

Name of Promoter	No. of Shares Held	Average Cost of Acquisition (in Rs.)
Mr. Balakrishnan	1,08,33,250	0.60
Ms. Yogalakshmi S	36,83,900	0.00

The Average cost of acquisition of equity shares of promoters in our Company may be lower than the Issue Price of the shares proposed to be offered through the Red Herring Prospectus/Prospectus. For more details please refer “summary of offer document” on page no.17 of this Draft Red Herring Prospectus.

10. We depend on VFX companies and Studios for a significant portion of revenue.

Our Company engaged in VFX business. A significant majority of our revenue is generated through strategic sub-contracting agreements with these entities. The percentage of revenue earned through sub-contracting are 90.34%, 85.48% and 89.61% in FY 2021, 2022 and 2023 respectively. Our business operations are highly dependent on VFX companies and studios and the loss of any of our VFX companies/studios may adversely affect business and results of operations. The loss of one or more significant VFX Company/Studio or a reduction in the amount of business we obtain from them could have an adverse effect on our business, results of operations, financial condition and cash flows. The specialization of studios within the industry streamlines work distribution, enhancing overall credibility. If we fail to identify and understand evolving industry trends, preferences or fail to meet demands of VFX companies and studios, it might have a direct impact on our revenue. The inability to procure new orders may adversely affect our business, revenues, cash flows and operation.

SECTION IV- INTRODUCTION

OBJECTS OF THE OFFER

The Offer comprises of a Fresh Issue of upto 62,40,000 Equity Shares, aggregating up to ₹ [●] lakhs by our Company and an Offer for Sale of upto 6,00,000 Equity Shares, aggregating up to ₹ [●] lakhs by the Selling Shareholders.

Offer for Sale

The Promoter Selling Shareholder will be entitled to its respective portions of the proceeds of the Offer for Sale after deducting its proportion of Offer related expenses. Our Company will not receive any proceeds from the Offer for Sale by the Promoter Selling Shareholder and the proceeds received from the Offer for Sale (net of Offer related expenses to be borne by the Promoter Selling Shareholder) will not form part of the Net Proceeds. Other than the listing fees for the Offer (which shall be exclusively borne by our Company), all cost, fees and expenses in respect of the Offer will be shared among our Company and the Promoter Selling Shareholder, respectively, in proportion to the proceeds received from the Fresh Issue and its portion of the Offered Shares, as may be applicable, upon the successful completion of the Offer. For further information regarding the Promoter Selling Shareholder and Equity Shares being offered for sale (in terms of amount), see “The Offer” on page 37.

Fresh Issue

The details of the proceeds of the Fresh Issue are summarized below:

(₹ In lakhs)	
Particulars	Amount
Gross Proceeds from the Fresh Issue	[●]
Less: Issue related expenses*	[●]
Net Proceeds of the Fresh Issue	[●]

**Except for the Listing fees and Market making fees, which will be borne by our Company, all other expenses relating to the Issue as mentioned above will be borne by our Company and the Selling Shareholders in proportion to the Equity Shares contributed / issued in the issue.*

Requirement of Funds

Our Company intends to utilize the Net Fresh Issue Proceeds for the following Objects (“Objects of the Issue”):

1. Expenditure for setup of Studio/Facility at Hyderabad and Salem;
2. Expenditure for adding infrastructure to further strengthen the existing facilities/offices of the company located at Chennai and Pune.
3. ***Making investment through equity in the subsidiaries for expansion of workspace by acquiring new office space located at London and strengthen the existing facilities/offices located at Vancouver.***
4. General Corporate Purposes and
5. Issue Expenses

We believe that listing will give more visibility and enhance corporate image of our Company. We also believe that our Company and shareholders will receive the benefits from listing of Equity Shares on the EMERGE Platform of NSE. It will also provide liquidity to the existing shareholders and will also create a public trading market for the Equity Shares of our Company.

The main object clause of Memorandum of Association of our Company enables us to undertake the activities for which the funds are being raised by us through the Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association. For the main objects clause of our Memorandum of Association, see “History and Certain Corporate Matters” on page 114.

Utilization of Net Proceeds:

We intend to utilize the proposed net proceeds in the manner set forth below:

(₹ in Lakhs)		
S. N.	Particulars	Amount (In ₹. Lakh)
1	Expenditure for setup of Studio/Facility at Hyderabad and Salem	Up to 2135.72
2	Expenditure for adding infrastructure to further strengthen the existing facilities/offices of the company located at Chennai and Pune.	Up to 1961.4
3	<i>Making investment through equity in the subsidiaries for expansion of workspace by acquiring new office space located at London and strengthen the existing facilities/offices located at Vancouver</i>	Upto 465.14
4	General Corporate Purposes*	[●]
5	Issue Expenses	[●]
Total		[●]

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

Since, the entire fund requirement of the objects detailed above are intended to be funded from the Net Proceeds. In view of the above, we confirm that our company the firm arrangements of finance under Regulation 230(1)(e) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amounts to be raised through the proposed Issue is not applicable.

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds towards the Objects in accordance with the estimated schedule of implementation and deployment of funds as follows:

(in ₹ lakhs)		
Particulars	Total estimated amount	Estimated deployment of the Net Proceeds
		Fiscal 2024
Expenditure for setup of Studio/Facility at Hyderabad and Salem	Up to 2135.72	Up to 2135.72
Expenditure for adding infrastructure to further strengthen the existing facilities/offices of the company located at Chennai and Pune.	Up to 1961.4	Up to 1961.4
<i>Making investment through equity in the subsidiaries for expansion of workspace by acquiring new office space located at London and strengthen the existing facilities/offices located at Vancouver</i>	Upto 465.14	Upto 465.14
General Corporate Purposes ⁽¹⁾	[●]	[●]
Issue Expenses	[●]	[●]
Total	[●]	[●]

⁽¹⁾To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount to be utilised for general corporate purposes shall not exceed 25% of the gross proceeds from the Fresh Issue.

VFX sector is on a sunrise mode. It is one of the fast developing sectors, globally as well as in India. Opportunities for growth are fast emerging in this business. To capitalize on these opportunities, we plan to set up two new studios in Hyderabad and Salem, expanding our workspace by acquiring new office space in London, and strengthening the infrastructure of our existing studios/offices in Chennai, Pune, and Vancouver. These investments in capital and Revenue expenditure are essential to gain a substantial market share.

Setting up a new studios in strategic locations such as Hyderabad - a city known for availability of CG expertise, Salem – anemerging VFX talent hotspot, to name few.

Our Company proposes to open two (2) new studios at Salem and Hyderabad and expansion of workspace by acquiring new office space at London. Plans are also chalked out to strengthen the infrastructure of our existing operations in Chennai, Pune and Vancouver. Tentative capital and Revenue expenditure planned frsetting up of above studios, Office space and strengthening existing facilities is as follows:

(₹ in Lakhs)

Particulars	Approx. Capital Expenditure
<i>Strengthening Existing Facilities at Chennai</i>	Up to 181.05
<i>Strengthening Existing Facilities at Pune</i>	Up to 255.68
New studio at Salem	Up to 149.12
New studio at Hyderabad	--
<i>Expansion of workspace by acquiring new office at London</i>	--
<i>Strengthening Existing Facilities at Vancouver</i>	--
Total	Up to 585.85

(₹ in Lakhs)

Particulars	Approx. Revenue Expenditure
<i>Strengthening Existing Facilities at Chennai</i>	Upto 778.6
<i>Strengthening Existing Facilities at Pune</i>	Upto 746.06
New studio at Salem	Upto 719.23
New studio at Hyderabad	Upto 1267.37
<i>Expansion of workspace by acquiring new office at London</i>	Upto 287.01
<i>Strengthening Existing Facilities at Vancouver</i>	Upto 178.13
Total	Up to 3976.4

Our Company has identified the above locations based on their research and the availability of talented man power for VFX Industry. However, our company has not entered into any formal agreement for occupying the rental space for setting up of two new studios at Hyderabad and Salem. The proposed business setup requires significant financial investment. Due to inadequate funds, the company is unable to finalize the selection of service providers. The company has already initiated the process of selecting service providers and has received quotations for the services required which is duly mentioned in the respective cost estimates.

Our Company needs CBRE Advisory and Transaction services for the above locations. CBRE Group, Inc. (CBRE stands for Coldwell Banker Richard Ellis) is a multinational commercial real estate and investment firm headquartered in Los Angeles, California. Established in 1906, CBRE has grown into one of the most prominent real estate services companies.

The tentative cost structure for setting up of two new studios at Hyderabad and salem, Expansion of workspace by acquiring new office at london and to strengthen infrastructure of our existing operations in Chennai, Pune and Vancouver are as follows:

(₹ in Lakhs)

Particulars	Chennai Studio	Pune Studio	New Studio Salem	New Studio Hyderabad	London Office	Vancouver Office	Total
Network Equipment	-	149.12	149.12	-	-	-	298.24
Internet	-	-	22.95	22.95	-	-	45.90
Server	177.60	106.56	-	-	-	-	284.16
Software	290.30	254.30	100.57	252.86	253.94	178.13	1330.10
Workstation	486.72	486.72	486.72	486.72	-	-	1946.88
Real Estate	-	-	103.95	499.80	33.07	-	636.82
Virtual workstation	5.04	5.04	5.04	5.04	-	-	20.16
Total	959.66	1001.74	868.35	1,267.37	287.01	178.13	4562.26

DETAILS OF THE OBJECTS OF THE ISSUE

I. CAPITAL AND REVENUE EXPENDITURE FOR SETTING UP OF NEW STUDIOS AT SALEM AND HYDERABAD

Our Company proposes to set up two new studios at Hyderabad and Salem.

Our Company plans to set up two new studios in Hyderabad and Salem, two strategic locations with a strong pool of VFX talent. Hyderabad is known for its availability of CG expertise, while Salem is an emerging VFX talent hotspot.

These new studios will help us to expand our reach and meet the growing demand for VFX services.

Setting up a new studios in strategic locations such as Hyderabad - a city known for availability of CG expertise, Salem – anemerging VFX talent hotspot, to name few.

Detailed break-up for the setting up above studios is as follows:

A. Salem Studio (New)

Our Company proposes to setup new studio in Salem with an approximate size of 11,000 square feet. It will have a seating capacity of approximately 125 employees. The break-up of cost for the studio at Salem is hereunder:

The cost estimates are based on the following quotations:

Capital Expenditure

Sr. No.	Particulars	Vendor	Item description	Date of Receipt of Quotation*	Amount(Rs. inLacs)
1	Network Equipment	Tech Terrain Consulting Pvt Ltd	Dell Networking S3148-ON	2 nd June, 2023	9.96
			Dell EMC Switch S4148T-ON		9.03
			Dell EMC S5232F-ON Switch		26.82
			Cables		3.99
			PowerEdge R7515 Server		45.64
			Dell EMC ME484 Storage (480TB / 430TiB Usable Space)		53.68
	Total				149.12

**Quotations are valid as on the date of this Draft Red Herring Prospectus*

Revenue Expenditure

Sr. No.	Particulars	Vendor	Item description	Date of Receipt of Quotation*	Amount(Rs. inLacs)
1	Internet	Tata Tele Business services	1 Gig NPLC form Chennai to Salem	3 rd June, 2023	15.40
			200 Mbps ILL		7.55
2	Real Estate	CBRE**	Office	2 nd June, 2023	103.95
3	Software	ARK Info Solutions PvtLtd	Nuke Studio Floating Interactive India, Site License – 1 Year Rental	20 th June, 2023	38.95
			Foundry Mari Floating Interactive India, Site License – 1 Year Rental		4.59
			Foundry Katana Floating Interactive India, Site License – 1 Year Rental		3.44
			GST		8.46
		Rahul Commerce	Silhouette – Floating License	4 th June, 2023	27.22
		Caveo Infosystems Technology Innovators	ShotGrid - Subscription CLOUD Commercial New Single-user ELD	1 st June, 2023	17.91
4	Workstation	Thakrar Info Trendz	Dell T5820 W-2123-25 CPU	3 rd June, 2023	141.12
			Dell T5820 W-2195 CPU		216.00
			Dell T7820 Platinum		129.60

			8173M		
5	Virtual workstation	Yotta	Personal_Workstation_A40 _Maximum_ Lite on Nvidia Ampere A40	5 th June, 2023	2.42
			Personal_Workstation_A40 _Advance_Pl us on Nvidia Ampere A40		1.99
			Desktop Ubuntu OS		0.05
			YSTaaS_BS_001		0.58
	TOTAL				719.23

**Quotations are valid as on the date of this Draft Red Herring Prospectus*

**** CBRE Advisory and Transaction services**

<i>Details of quotation for the proposed premises are as follow:</i>	Salem
No. of Seats	128 seats + Cabins
Monthly rent	Rs. 8,66,250
Total Rent	Rs.103.95 Lacs

B. Hyderabad Studio (New)

Our Company proposes to setup new studio in Hyderabad at approximate space of approx 18,000 square feet. It will sitting capacity will be approximately 170 employees. The break-up of cost for the studio at Hyderabad is hereunder: The cost estimates are based on the following quotations:

Revenue Expenditure

Sr. No.	Particulars	Vendor	Item description	Date of Receipt of Quotation*	Amount (Rs. In Lacs)
1	Internet	Tata Tele Business services	1 Gig NPLC form Chennai to Hyderabad	1st June, 2023	15.40
			200 Mbps ILL		7.55
2	Real estate	CBRE Advisory and Transaction services**	Office Space	1st June, 2023	499.80
3	Software	F/X Graphics	HoudiniFX– Annual, Floating	20 th June, 2023	58.34
		ARK Info Solutions Pvt Ltd	Nuke Studio Floating Interactive India, Site License – 1 Year Rental	20 th June, 2023	46.74
			Foundry Mari Floating Interactive India, Site License – 1 Year Rental		4.59
			Foundry Katana Floating Interactive India, Site License – 1 Year Rental		6.89
			GST		10.48
		Rahul Commerce	Maya 3ds Max 2023 Commercial New Single User	4 th June, 2023	15.04
			Maya 2023 Commercial New Single-user ELD Annual Subscription		62.66
			Silhouette – Floating License		22.68
			Pixologic Zbrush		4.04
			Marvelous Designer		3.49
		Caveo Infosystems Technology	ShotGrid - Subscription CLOUD Commercial New Single-user ELD	31st October, 2023	17.91

		Innovators			
4	Workstation	Thakrar Info Trendz	Dell T5820 W-2123-25 CPU	2 nd June, 2023	141.12
			Dell T5820 W-2195 CPU		216.00
			Dell T7820 Platinum 8173M		129.60
5	Virtual workstation	Yotta	Personal_Workstation_A40_Maximum_Lite on Nvidia Ampere A40	5 th June, 2023	2.42
			Personal_Workstation_A40_Advance_Plus on Nvidia Ampere A40		1.99
			Desktop Ubuntu OS		0.05
			YSTaaS_BS_001		0.58
	TOTAL				1267.37

* *Quotations are valid as on the date of this Draft Red Herring Prospectus*

** **CBRE Advisory and Transaction services**

Particulars	Hyderabad
No. of Seats	350 Seats
Monthly rent	Rs. 41,65,000 Per month
Total Rent	Rs. 499.8 Lacs

2. EXPENDITURE FOR ADDING INFRASTRUCTURE TO FURTHER STRENGTHEN THE EXISTING FACILITIES/OFFICES OF THE COMPANY LOCATED AT CHENNAI AND PUNE

Our Company will be adding the infrastructure to further strengthen the existing facilities/offices of the company located at Chennai and Pune. Detailed Break Up for the both studio is as under:

A. Chennai Studio

Our studio in Chennai is set up at a space measuring approximate 30,000 square feet. It has a seating capacity of approximately 450 employees.

The cost estimates are based on the following quotations:

Capital Expenditure

Sl. No.	Particulars	Vendor	Item Description	Date of Receipt of Quotation	Amount (Rs.in Lacs)
1	Server	Thakrar Info Trendz	Render Servers Config :- E5-2696 V4	1 st June, 2023	177.60
2	Software	Rahul Commerce	Pilgrimage Studio 3D Coat v2023.x (Company License - Node-Locked)	4 th June, 2023	0.64
			R3DS Wrap 2021.11 (Professional Nodelocked Licence)		2.81
Total					181.05

* *Quotations are valid as on the date of Draft Red Herring Prospectus*

Revenue Expenditure

Sl. No.	Particulars	Vendor	Item Description	Date of Receipt of Quotation	Amount (Rs.in Lacs)
1.	Software	Rahul Commerce	Substance 3D Collection Team Licensing Subscription New (12 Months)	4 th June, 2023	8.97

		e	Arnold – 5 Subscription Commercial New Multi-user ELD Annual		4.30
			Reality Capture		3.47
			Ziva Dynamics – Annual License		1.59
			Maya 3ds Max 2023 Commercial New Single User		15.04
			Maya 2023 Commercial New Single-user ELD Annual Subscription		62.66
			Silhouette – Floating License		22.68
			Pixologic Zbrush		4.04
			Marvelous Designer		3.49
		F/X Graphics	HoudiniFX– Annual, Floating	20 th June, 2023	72.92
		ARK Info Solutions PvtLtd	Nuke Studio Floating Interactive India, Site License – 1 Year Rental	20 th June, 2023	46.74
			Foundry Mari Floating Interactive India, Site License – 1 Year Rental		5.51
			Foundry Katana Floating Interactive India, Site License – 1 Year Rental		6.89
			GST		10.64
		Caveo Infosystems Technology Innovators	ShotGrid – Subscription CLOUD Commercial NewSingle-user ELD	1 st June, 2023	17.91
2	Workstation	Thakrar Info Trendz	Dell T5820 W-2123-25 CPU	1 st June, 2023	141.12
			Dell T5820 W-2195 CPU		216.00
			Dell T7820 Platinum 8173M		129.60
3	Virtual workstation	Yotta	Personal_Workstation_A40_Maximum_Lite	5 th June, 2023	2.42
			on Nvidia Ampere A40		1.99
			Personal_Workstation_A40_Advance_Plus		
			onNvidia Ampere A40		
			Desktop Ubuntu OS		0.05
			YSTaaS_BS_001		0.58
TOTAL					778.6

** Quotations are valid as on the date of Draft Red Herring Prospectus*

A. Pune Studio

Our studio in Pune functions out of a space of 15,000 square feet. It has a seating capacity of approximately 170 employees.

The cost estimates are based on the following quotations:

Capital Expenditure

Sr. No.	Particulars	Vendor	Item description	Date of Receipt of Quotation*	Amount(Rs. in Lacs)
1	Network Equipment	Tech Terrain Consulting Pvt ltd	Dell Networking S3148-ON	2 nd June, 2023	9.96
			Dell EMC Switch S4148T-ON		9.03
			Dell EMC S5232F-ON Switch		26.82
			Cables		3.99
			PowerEdge R7515 Server		45.64
			Dell EMC ME484 Storage (480TB / 430TiB Usable Space)		53.68
2	Server	Thakrar Info Trendz	Render Servers Config :- E5-2696 V4	2 nd June, 2023	106.56
	Total				255.68

* Quotations are valid as on the date of Draft Red Herring Prospectus

Revenue Expenditure

Sr. No.	Particulars	Vendor	Item description	Date of Receipt of Quotation*	Amount(Rs. in Lacs)
1.	Software	Rahul Commerce	After Effects for teams	4 th June, 2023	0.11
		F/X Graphics	HoudiniFX– Annual, Floating	20 th June, 2023	72.92
		ARK Info Solutions PvtLtd	Nuke Studio Floating Interactive India, Site License – 1 Year Rental	20 th June, 2023	38.95
			Foundry Mari Floating Interactive India, Site License – 1 Year Rental		4.59
			Foundry Katana Floating Interactive India, Site License – 1 Year Rental		3.44
			GST		8.46
		Rahul Commerce	Maya 3ds Max 2023 Commercial New Single User	4 th June, 2023	15.04
			Maya 2023 Commercial New Single-user		62.66
			ELD Annual Subscription		22.69
			Silhouette – Floating License		4.04
			Marvelous Designer		3.49
		Caveo Infosystems Technology Innovators	Shot Grid -Subscription CLOUD Commercial New Single-user ELD	1 st June, 2023	17.91
2.	Workstation	Thakrar Info Trendz	Dell T5820 W-2123-25 CPU	2 nd June, 2023	141.12
			Dell T5820 W-2195 CPU		216.00
			Dell T7820 Platinum 8173M		129.60
3.	Virtual workstation	Yotta	Personal_Workstation_A40_Maximum Lite on Nvidia Ampere A40	5 th June, 2023	2.42
			Personal_Workstation_A40_Advanced Plus on Nvidia Ampere A40		1.99
			Desktop Ubuntu OS		0.05
			YSTaaS_BS_001		0.58
	Total				746.06

** Quotations are valid as on the date of Draft Red Herring Prospectus*

3. MAKING INVESTMENT THROUGH EQUITY IN THE SUBSIDIARIES FOR EXPANSION OF WORKSPACE BY ACQUIRING NEW OFFICE SPACE LOCATED AT LONDON AND STRENGTHEN THE EXISTING FACILITIES/OFFICES LOCATED AT VANCOUVER

Our Company has two subsidiaries situated in London and Vancouver. Our Company will make investment in these subsidiaries through equity.

Nature of Benefit

Access to new markets: By investing in an overseas subsidiary, we gain access to new markets and customers. This is especially beneficial for the VFX and animation industry, as the global market for these services is growing rapidly.

Access to new talent: The VFX and animation industry is a highly skilled industry, and there is a global shortage of talent. By investing in an overseas subsidiary, we gain access to a pool of skilled talent from around the world.

Access to new technology: The VFX and animation industry is constantly evolving, and new technologies are being developed all the time. By investing in overseas subsidiary, we gain access to the latest technologies and stay ahead of the competition.

Brand building: Investing in an overseas subsidiary will help to build the brand of BFS more stronger. By investing BFS can increase its brand awareness and visibility in that market.

Increased Revenues and Foreign Exchange Benefit: As the business increases overseas the same shall strengthen the Indian Holding entity with the benefit of increased revenue and strong benefit of foreign exchange inflow.

Overall, there are many benefits for BFS to make investment in overseas subsidiary company. These benefits include access to new markets, talent, technology, and risk diversification.

Form of Investment

Our Company will make investment in its subsidiaries at London and Vancouver through infusion of equity.

A. London Studio/Office

Our subsidiary proposes to expand the workspace by acquiring new office space located at London with Seating capacity of 2 to 3 people as our company follows hybrid work culture for its UK team of around 25-50 employees. The company's hybrid work culture allows employees to choose where they work, whether it's from home or the office. It also caters to the diversity of the VFX industry by accommodating different work hours and enabling collaboration across different time zones.

Revenue Expenditure

Sr. No.	Particulars	Vendor	Item description	Date of Receipt of Quotation*	Amount(Rs. In Lacs)
1	Real Estate	CBRE**	Office location	4 th June, 2023	33.07
2	Software	F/X Graphics	Houdini FX– Annual, Floating	20 th June, 2023	58.34
		ARK Info Solutions Pvt Ltd	Nuke Studio Floating Interactive India, Site License – 1 Year Rental	20 th June, 2023	46.74
			Foundry Mari Floating Interactive India, Site License – 1 Year Rental		5.51
			Foundry Katana Floating Interactive India, Site License – 1 Year Rental		6.89
			GST		10.64
		Rahul Commerce	Maya 3ds Max 2023 Commercial New	4 th June, 2023	15.04
		Rahul Commerce	Single User	4 th June, 2023	
			Maya 2023 Commercial New Single-user		62.66

		ELD Annual Subscription		
		Silhouette – Floating License		22.68
		Pixologic Zbrush		4.04
		Marvelous Designer		3.49
	TOTAL			287.01

* *Quotations are valid as on the date of Draft Red Herring Prospectus*

**CBRE Advisory and Transaction services:

	London
No. of Seats	2 seats
Monthly rent	Rs. 2,80,274 Per month
Total Rent	Rs. 33.03^

^ There is a difference in the amount due to exchange rate.

A. Vancouver Studio/ Office

Our *Subsidiary will strengthen its existing offices/facilities* in Vancouver by adding various softwares and other required infrastructure. The cost estimates are based on the following quotations:

Revenue Expenditure

Sr. No.	Particulars	Vendor	Item description	Date of Receipt of Quotation*	Amount (Rs.in Lacs)
1	Software	F/X Graphics	Houdini FX– Annual, Floating	20 th June, 2023	58.34
		ARK Info Solutions Pvt Ltd	Nuke Studio Floating Interactive India, Site License – 1 Year Rental	20 th June, 2023	46.74
			Foundry Mari Floating Interactive India, Site License – 1 Year Rental		5.51
			Foundry Katana Floating Interactive India, Site License – 1 Year Rental		6.89
			GST		10.64
		Rahul Commerce	Pilgway studio 3d coat	4 th June, 2023	0.64
			Maya 2023 Commercial New Single-user ELD Annual Subscription		1.25
			Silhouette – Floating License		22.68
			Pixologic Zbrush		4.04
			Marvelous Designer		3.49
		Caveo Infosystems Technology Innovators	ShotGrid - Subscription CLOUD Commercial New Single-user ELD	1 st June, 2023	17.91
	TOTAL				178.13

* *Quotations are valid as on the date of Draft Red Herring Prospectus*

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan and management estimates, quotation from suppliers, and other commercial and technical factors. We may have to revise our funding requirements and deployment on account of variety of factors such as our financial and market condition, government approval and clearance, business and strategy, competition, negotiation with suppliers, variation in cost estimates on account of factors, including changes in design or configuration of the shipyard and vessels and other external factors including changes in the price of the machinery and raw material due to variation in commodity prices which may not be within the control of our management. This may entail

rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose, subject to compliance with applicable law. For further details, see “Risk Factors” beginning on Page number 22 of this Draft Red Herring Prospectus.

The Objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution.

To the extent our Company is unable to utilize any portion of the Net Proceeds towards the Object, as per the estimated schedule of deployment specified above; our Company shall deploy the Net Proceeds in the subsequent Financial Years towards the Object. In case of variations in the actual utilisation of funds earmarked for the purpose set forth or shortfall in the Net Proceeds or delay in raising funds through the IPO, increased fund requirements for a particular purpose may be financed from our internal accruals and/ or debt financing, as required. If the actual utilisation towards any of the objects is lower than the proposed deployment, such balance will be used for funding other objects as mentioned above or towards general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds from the Issue in accordance with the SEBI ICDR Regulations. However, we confirm that no bridge financing has been availed as on date, which is subject to being repaid from the Issue Proceeds. We further confirm that no part of the Issue Proceed shall be utilized for repayment of any part of outstanding unsecured loan as on date of filing the Draft Prospectus. For further details on the risks involved in our business plans and executing our business strategies, please see the section titled “Risk Factors” beginning on page no. 22

GENERAL CORPORATE EXPENSES

Our management, in accordance with the policies of our Board, will deploy ₹ [●] Lakhs from Net Proceeds towards the general corporate expenses to drive our business growth. In accordance with the policies set up by our Board, we have flexibility in utilizing the remaining Net Proceeds not exceeding 25% of the amount raised by our Company through this Issue, for general corporate purpose including but not restricted to, meeting operating expenses, branding, promotion, advertisements and meeting exigencies, which our Company in the ordinary course of business may not foresee or any other purposes as approved by our Board of Directors, subject to compliance with the necessary provisions of the Companies Act.

Further, our management confirms that –

- any issue related expenses shall not be considered as a part of General Corporate Purpose; and
- the amount deployed towards general corporate expense, as mentioned above in this Draft Red Herring Prospectus, shall not exceed 25% of the amount raised by our Company through this Issue.

TO MEET THE EXPENSES OF THE ISSUE

The total expenses for the offer are estimated to be ₹ [●] lakhs. Following is a broad breakup of the forecasted expenses: Other than the listing fees, which will be paid by our Company, all costs, fees and expenses directly attributable to the Offer shall be borne by the Company and the Promoter Selling Shareholder, in proportion of gross proceeds received for the Fresh Issue and the Offered Shares in accordance with applicable law. All estimated Offer related expenses to be proportionately borne by the Promoter Selling Shareholder shall be deducted from the proceeds of the Offer for Sale, and subsequently, the balance amount from the Offer for Sale will be paid to the Promoter Selling Shareholder.

It is clarified that, if the offer is withdrawn or not completed for any reason whatsoever, all offer related expenses shall be shared between the Company and the Promoter Selling Shareholder in proportion to the number of Equity Shares offered by the Company through the Fresh Issue and the number of Offered Shares offered by the Promoter Selling Shareholder in the Offer for Sale, in accordance with Applicable Law

(in ₹ Lakhs)

Activity	Estimated expenses*	As a % of the total estimated Offer expenses	As a % of the total Offer size
Fees payable to the BRLMs and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Commission/processing fee for SCSBs, Sponsor Bank and Bankers to the Offer and fee payable to the Sponsor Bank for Bids made by RIBs. Brokerage, underwriting commission and selling commission	[●]	[●]	[●]

Activity	Estimated expenses*	As a % of the total estimated Offer expenses	As a % of the total Offer size
and bidding charges for Members of the Syndicate, Registered Brokers, CRTAs and CDPs			
Advertising and marketing expenses	[●]	[●]	[●]
Fee payable to auditors, consultants and market research firms	[●]	[●]	[●]
Others	[●]	[●]	[●]
(i) Listing fees, NSE processing fees, book building software fees and other regulatory expenses;			
(ii) Printing and distribution of stationery;			
(iii) Fees payable to legal counsel; and			
(i) Miscellaneous.			
(ii) Fees Payable to Market Maker			
Total estimated Offer expenses	[●]	[●]	[●]

Notes:

Structure for commission and brokerage payment to the SCSBs Syndicate, RTAs, CDPs and SCSBs

1. ASBA applications procured directly from the applicant and Bided (excluding applications made using the UPI Mechanism, and in case the Offer is made as per Phase I of UPI Circular) - Rs 10/- per application on wherein shares are allotted.
2. Syndicate ASBA application procured directly and bided by the Syndicate members (for the forms directly procured by them) - Rs 10/- per application on wherein shares are allotted
3. Processing fees / uploading fees on Syndicate ASBA application for SCSBs Bank - Rs 10/- per application on wherein shares are allotted
4. Sponsor Bank shall be payable processing fees on UPI application processed by them - Rs 10/- per application on wherein shares are allotted
5. No additional uploading/processing charges shall be payable to the SCSBs on the applications directly procured by them.
6. The commissions and processing fees shall be payable within 30 Working days post the date of receipt of final invoices of the respective intermediaries.
7. Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.
8. Offer Expenses other than the listing fees shall be shared among our Company and the Selling Shareholder on a pro rata basis, in proportion to the Equity Shares Allotted.

Appraisal by Appraising Fund

None of the Objects have been appraised by any bank or financial institution or any other independent third-party organization. The funding requirements of our Company and the deployment of the proceeds of the Issue are currently based on management estimates. The funding requirements of our Company are dependent on a number of factors which may not be in the control of our management, including variations in interest rate structures, changes in our financial condition and current commercial conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy.

Shortfall of Funds

Any shortfall in meeting the fund requirements will be met by way of internal accruals and or unsecured Loans.

Funds Deployed and Source of Funds Deployed:

[●], Chartered Accountants vide their certificate dated [●] have confirmed that as on date of certificate the following funds have been deployed for the proposed object of the Issue:

Particulars	Amt (Rs. in Lacs)
Issue Expenses	[●]
Total	[●]

Sources of Financing for the Funds Deployed:

[●], Chartered Accountants vide their certificate dated [●] have confirmed that as on date of certificate the following funds have been deployed for the proposed object of the Issue:

Particulars	Amt (Rs. in Lacs)
Internal Accruals	[●]
Total	[●]

Bridge Financing Facilities

As on the date of this draft prospectus, we have not raised any bridge loans which are proposed to be repaid from the Net Proceeds. However, we may draw down such amounts, as may be required, from an overdraft arrangement/cash credit facility with our lenders, to finance additional working capital needs until the completion of the Issue.

Interim Use of Proceeds

Pending utilization for the purposes described above, our Company intends to invest the funds in with scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934. Our management, in accordance with the policies established by our Board of Directors from time to time, will deploy the Net Proceeds. Further, our Board of Directors hereby undertake that full recovery of the said interim investments shall be made without any sort of delay as and when need arises for utilization of process for the objects of the issue.

Monitoring Utilization of Funds

As the Issue size is less than Rs. 10,000 Lakh, under the SEBI (ICDR) Regulations it is not mandatory for us to appoint a monitoring agency.

Our Board and the management will monitor the utilization of the Net Proceeds through its audit committee. Pursuant to Regulation 32 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, our Company shall on half-yearly basis disclose to the Audit Committee the applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this draft prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

No part of the Issue Proceeds will be paid by our Company as consideration to our Promoters, our Directors, Key Management Personnel or companies promoted by the Promoters, except as may be required in the usual course of business and for working capital requirements.

Variation in Objects

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013, our Company shall not vary the objects of the Initial Public Issue without our Company being authorized to do so by the Shareholders by way of a special resolution through a postal ballot. Further, pursuant to Regulation 32 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, our Company shall on half-yearly basis disclose to the Audit Committee the applications of the proceeds of the Issue. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("Postal Ballot Notice") shall specify the prescribed details as required under the Companies Act. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Hindi, the vernacular language of the jurisdiction where our Registered Office is situated. Our Promoters will be required to provide an exit opportunity to such shareholders who do not agree to the above stated proposal, at a price as may be prescribed by SEBI, in this regard.

Other Confirmations

There are no material existing or anticipated transactions with our Promoters, our Directors, our Company's Key Managerial Personnel, in relation to the utilization of the Net Proceeds. No part of the Net Proceeds will be paid by us as consideration to our Promoters, our directors or Key Managerial Personnel, except in the normal course of business and in compliance with the applicable laws.

SECTION V – ABOUT THE COMPANY

OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Draft Red Herring Prospectus. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read “Risk Factors” on page 22 for a discussion of the risks and uncertainties related to those statements, as well as “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 139 and 140 respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this section is derived from our Restated Financial Statements.

Our Company was incorporated as a private limited company under the name of “Basilic Fly Studio Private Limited” under the Companies Act, 2013 vide certificate of incorporation dated January 28, 2016, issued by the Registrar of Companies, Chennai, bearing Corporate Identification Number (CIN) U92100TN2016PTC103861. Subsequently, our Company was converted into a Public Limited Company pursuant to the special resolution passed by the Shareholders of our Company on December 29, 2022. Consequent upon conversion of our Company into public limited, the name of company was changed from “Basilic Fly Studio Private Limited” to “Basilic Fly Studio Limited” and a fresh Certificate of Incorporation dated May 19, 2023, was issued by the Registrar of Companies, Chennai. The CIN of the Company changed to U92100TN2016PLC103861.

The Promoters of the company had started the business operations in form of a partnership firm incorporated in the year 2013 which was subsequently dissolved in 2019, while in the year 2016 the company Basilic Fly Studio Private Limited was incorporated. We are a visual effects (VFX) studio headquartered in Chennai, India with subsidiaries operating at Canada and UK which specialize in creating visual experiences that captivate audiences around the world.

We hold proficiency in the VFX industry and have delivered high-quality VFX solutions for movies, TV, net series, and commercials.

At our Company, we have established a strong presence in the industry by forging direct partnerships with diverse production houses, as well as collaborating with prominent VFX companies and studios through sub-contracting arrangements. Many VFX companies and studios choose to outsource certain aspects to specialized teams who are equipped with expertise, infrastructure, and technology to manage large-scale VFX projects. We have generated major revenue from VFX companies and Studios. Bifurcation of services through directly and sub-contracting basis during the last three years are as follows:

Financial Year	Type of Customer	Nature of Service	Percentage of Revenue
FY 2020-21	Production House	Directly	9.66
	Studio/ VFX Company	Through Sub Contract	90.34
FY 2021-22	Production	Directly	14.52
	Studios	Through Sub Contract	85.48
FY 2022-23	Production	Directly	10.39
	Studios	Through Sub Contract	89.61

Visual Effects (VFX) industry stands as a crucial pillar of modern filmmaking, breathing life into fantastical worlds, epic battles, and breathtaking sequences. This multi-billion-dollar industry operates through a complex interplay of creativity, technology, and collaboration. The VFX industry functions through a collaborative framework involving major production houses and specialized VFX studios. The industry's workflow, outsourcing practices, and specialization within production houses & studios shape its landscape.

Workflow

The VFX process begins during pre-production, where filmmakers plan and conceptualize scenes requiring digital enhancement. Once shooting starts, the production team captures live-action footage, often with green screens or tracking

markers to facilitate later integration of VFX elements. During post-production, specialized teams work on different aspects of VFX, including 3D modeling, animation, compositing, and digital matte painting. This phase involves careful coordination and iteration between directors, visual effects supervisors, and the VFX teams.

Outsourcing to Production Houses:

Given the intricacy and scale of VFX work, many studios choose to outsource certain aspects to specialized teams. These teams are equipped with the expertise, infrastructure, and technology to manage large-scale VFX projects. Outsourcing often occurs when a studio lacks in-house capabilities or needs to meet tight deadlines. Outsourced work can include complex simulations (e.g., fluid dynamics), character animation, crowd simulations, and more. Productions often outsource VFX tasks due to their intricate nature. This outsourcing process ensures high-quality effects in an efficient manner.

Industry-Wise Outsourcing:

Production houses make informed decisions about which studios to outsource to based on their specialization. The VFX landscape is diverse, with studios excelling in different areas, such as character animation, environment creation, particle effects, or motion capture. For example, Studio A might have a reputation for creating realistic creatures, while Studio B specializes in crafting expansive digital environments. This industry-wide specialization enables production houses to tap into the strengths of different studios, ensuring that each aspect of a project receives top-notch treatment. Studios focus on strengths, allowing production houses to leverage expertise without handling VFX internally. The specialization of studios within the industry streamlines work distribution, enhancing overall credibility.

The Specialization Factor:

Studios within the VFX industry often emerge as leaders in specific domains due to their accumulated expertise. This specialization stems from years of experience, a skilled workforce, and investments in research and development. Some studios might focus on photorealistic effects, pushing the boundaries of digital artistry, while others might excel in stylized or fantastical elements. This specialization not only defines a studio's identity but also ensures that projects are assigned to the most capable hands.

During pre-production, production houses identify scenes demanding VFX and collaborate with VFX supervisors to envision effects. They select VFX studios based on expertise. Each studio specializes in areas like creature design, environments, or simulations.

The process involves shot breakdown, asset creation (3D models, animations), rendering, and compositing. Rigorous quality checks and directorial reviews maintain alignment with the film's vision. Approved VFX shots are seamlessly integrated into the final film.

This outsourcing maximizes efficiency and quality. Studios focus on strengths, allowing production houses to leverage expertise without handling VFX internally. The specialization of studios within the industry streamlines work distribution, enhancing overall credibility.

STUDIO WISE REVENUE BREAKUP

Geographical distribution of our revenue during the last 3 years are as under:

Revenue Breakup						
Location	2020-21	%	2021-22	%	2022-23	%
Chennai, India	1727.07	100.00	2387.57	94.90	7022.22	89.26
Pune, India⁽¹⁾	-	-	-	-	-	-
Vancouver, Canada⁽²⁾	-	-	128.27	5.10	844.52	10.74
London, UK⁽³⁾	-	-	-	-	-	-
Total	1727.07	100.00	2515.84-	100.00	7866.74	100.00

¹ Our branch office situated in Pune is the back-end support office for our registered office.

² The company (Basilic Fly Studio Canada Limited) a subsidiary has been incorporated in July 02, 2021 begun its operation with effect from November 08, 2021.

³ The company (Basilic Fly Studio UK Private Limited) a wholly owned subsidiary has been incorporated in April 06, 2022, and the operation of the company is yet to be started.

OUR BUSINESS STRATEGY

Basilic Fly Studio Limited is a VFX company that caters to global VFX companies and studios. We generate most of our revenue through strategic sub-contracting agreements with these entities. We focus on building strong relationships with

our clients, offering competitive pricing, providing excellent customer service, and promoting our services through online and offline channels.

We have established a strong presence in the industry by forging direct partnerships with diverse production houses, as well as collaborating with prominent VFX companies and studios through sub-contracting arrangements. We have generated major revenue from VFX companies and studios.

Our focus remains on delivering exceptional quality to customers and expanding our business by capitalizing on our strengths and implementing the following strategies:

MARKETING

We have established a strong presence in the industry by forging direct partnerships with diverse production houses, as well as collaborating with prominent VFX companies and studios through sub-contracting arrangements. Many VFX companies and studios choose to outsource certain aspects to specialized teams who are equipped with expertise, infrastructure, and technology to manage large-scale VFX projects. We have generated major revenue from VFX companies and Studios. Our success is due to our strong relationships with producers, production houses, VFX companies, studios, and directors. We have built these relationships through our extensive networks and effective branding strategies. We also maintain regular engagement with our customers to understand their needs and preferences.

Our management team is also a key factor in our success. They are experts in their field and they motivate and inspire our team to achieve great things. They also create an environment that is conducive to development and progress.

OUR MANAGEMENT

BOARD OF DIRECTORS

As per the Articles of Association of our Company, we are required to have not less than 3 (Three) Directors and not more than 15 (Fifteen) Directors on its Board, subject to provisions of Section 149 of Companies Act, 2013. As on date of this Draft Red Herring Prospectus, our Board consist of Seven (7) Directors, out of which Three (3) are Executive Directors, and four (4) are Non-Executive Directors

BRIEF PROFILE OF THE DIRECTORS OF OUR COMPANY

Mr. Prabhakar D, aged 35 years, is the Whole Time Director of our Company. He has completed Diploma in Multimedia from Hindustan Institute of Technical Training, Chennai. He has an experience of ***over 14 years in VFX Industry*** and has worked for several renowned films.

Ms. Yogalakshmi S, aged 33 years, is the Promoter and Whole Time Director of our Company. She holds a degree of Bachelor of Engineering in Electronics and Communication Engineering from Anna University. She worked for a US based IT company before she became part of Basilic Fly Studio. ***She later on joined us in our partnership firm incorporated in the year 2013 which was subsequently dissolved in 2019. She has vast knowledge and experience of more than 11 years in VFX Industry.*** She is responsible for the managing and supervising operations. She has played a key role in growth and development of the Company.

Mr. Jitendra Kumar Pal, aged 51 years, is an Independent Director of our Company and holds a degree of LLB from Utkal University. He is also a Associate Member of Institute of Company Secretaries of India (ACS) since November, 2001. ***He has vast knowledge and experience of more than 21 years in the field of Law, Corporate Law, Accounts & Finance.*** He has handled various important assignments like Initial Public Issue, Preferential Issue, Demerger, Amalgamation, reduction of share capital and re-listing of shares after capital reduction, compliance of various applicable laws to corporate, implementation of Corporate Governance, IBC related matters.

Mr. Subramaniam Krishnan, aged 60 years, is an Independent Director of our Company. He holds degree in Bachelor of Science (Physics) from Madras University, an Associate Member of Institute of Company Secretaries of India and Associate Member of Institute of Chartered Accountants of India. ***He has over 3 decades of rich experience in steering financial control and setting up, running & exponential scaling of businesses &*** executing cost saving techniques to achieve substantial reduction in expenditures, cash flow/ funds flow management, bank negotiations & relations and working within the budget and for enhancing the accounting operations.

Ms. R Thiripurasundari, aged 57 years, is a Non-Executive Non-Independent Director of our Company. She is an under Matriculate. ***She has an experience of 10 years in advisory role of the Administration for the Company.*** She was actively involved in all woman empowerment programmes, as well as mentoring them. She was also involved in employee benefits and personality development programmes. She has worked with a variety of small businesses, including fashion and textiles.

SHAREHOLDING OF DIRECTORS IN OUR COMPANY

As per the Articles of Association of our Company, a Director is not required to hold any shares in our Company to qualify him for the office of the Director of our Company. The following table details the shareholding in our Company of our Directors in their personal capacity, as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name of the Directors	No. of Equity Shares held	% of pre-issue paid-up Equity Share capital in our Company
1.	Mr. Balakrishnan	1,08,33,250	63.73 %
2.	Ms. Yogalakshmi S	36,83,900	21.67 %
3.	Mr. Prabhakar D	85,000	0.5%

OUR GROUP COMPANY

As on date of this Draft Red Herring Prospectus, there are no Group Companies.

SECTION VI – FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of financial condition and results of operations together with our financial statements included in this Draft red hearing Prospectus. The following discussion relates to our Company and is based on our restated financial statements. Our financial statements have been prepared in accordance with Indian GAAP, the accounting standards and other applicable provisions of the Companies Act.

Note: Statement in the Management Discussion and Analysis Report describing our objectives, outlook, estimates, expectations or prediction may be "Forward looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to our operations include, among others, economic conditions affecting demand/supply and price conditions in domestic and overseas market in which we operate, changes in Government Regulations, Tax Laws and other Statutes and incidental factors.

BUSINESS OVERVIEW

The Promoters of the company had started the business operations in form of a partnership firm incorporated in the year 2013 which was subsequently dissolved in 2019, while in the year 2016 the company Basilic Fly Studio Private Limited was incorporated., We are a visual effects (VFX) studio headquartered in Chennai, India with subsidiaries operating at Canada and UK which specialize in creating visual experiences that captivate audiences around the world.

We hold proficiency in the VFX industry and have delivered high-quality VFX solutions for movies, TV, net series, and commercials.

FACTORS AFFECTING OUR RESULT OF OPERATIONS

Except as otherwise stated in the Prospectus and the Risk Factors given in the Prospectus, the following important factors could cause actual results to differ materially from the expectations include, among others:

Regulatory Framework

We have obtained all regulatory permissions which are necessary to run our business, Further, some of the approvals are granted for fixed periods of time and need renewals, which are obtained in the course of business, however, there may be change in statutory regulations at any time which cannot be predicted by us. There can be no assurance that the change in regulations will not impact our operations in the future but as a company we have all competent teams in place to keep track of new legislations that may come up & we shall undertake best possible steps to do necessary compliances.

Ability of Management and Key Team

Our success depends on the continued services and performance of the members of our management team and other key employees. Competition for senior management in the industry is intense, and we may not be able to retain our existing key team members in the future but we have adequately sized HR team who is back & front in working to get on roll for the company the best of available talents so that we continue to serve our clients in the best possible manner. The loss of the services of our Promoters could seriously impair our ability to continue to manage and expand our business. Further, the loss of any other member of our senior management or other key personnel may adversely affect our business, results of operations and financial condition.

Market & Economic conditions

In this globalised economy, all the businesses face an uncertain level of volatility from unexpected global events which ranges from global pandemics to wars, to weather changes to supply chain disruption, which may change the economic dynamics and the purchasing capability of the end customers. At the time of market slowdown, the demand falls which has adverse impact on our business. We being a 100% export of services business are prone to such risk but we are a company working for clients stationed at multiple geographical locations thereby mitigating possible risks.

Competition

We operate in a competitive atmosphere. Our competition varies by market, geographic areas and type of services. Our Company may face stiff competition from domestic as well as global market as the dynamic changes. Some of our competitors may have greater resources than those available to us. While service quality, technical ability, performance records, etc are key factors in client decisions among competitors, however, price & quality are the deciding factor in most cases. Further, this industry is fragmented with many small and medium sized companies and entities, which like any other business at various levels, which may adversely affect our business operation and financial condition. Further, there stands an entry barrier to get TPN certifications if at all a business desires to work for global clients and any expansion in capacity

of existing service providers would further intensify competition. Moreover, as we seek to diversify into new geographical areas, new territories, new emerging markets, we face competition from competitors that have a global presence and also from competitors that have a strong presence in regional markets. The markets in which we compete and intend to compete are undergoing, and are expected to work on certain specific type of services to continue to undergo, rapid and significant change. We expect competition to intensify as technological advances and consolidations continue. These competitive factors may force us to reduce rates, and to pursue new market opportunities. Increased competition could result in reduced demand for our services, increased expenses, reduced margins and loss of market share. Failure to compete successfully against current or future competitors could harm our business, operating cash flows and financial condition.

Significant Developments after March 31, 2023 that may affect our Future Results of Operations

The Directors confirm that there have been no other events or circumstances since the date of the last financial statements as disclosed in the Prospectus which materially or adversely affect or is likely to affect the business or profitability of our Company or the value of our assets, or our ability to pay liabilities within next twelve months.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of Financial Statements:

The restated summary of Consolidated statement of assets and liabilities of the Company as at March 31, 2023, 2022 and standalone for 2021 and the related consolidated restated summary statement of profits and loss and cash flows for year ended March 31, 2023, March 31, 2022, and standalone for 2021 (herein collectively referred to as ("Restated Summary Statements")) have been compiled by the management from the Consolidated audited Financial Statements for the year ended on March 31, 2023, March 31, 2022 and for standalone March 31, 2021. Restated Summary Statements have been prepared to comply in all material respects with the provisions of Part I of Chapter III of the Companies Act, 2013 (the "Act") read with Companies (Prospectus and Allotment of Securities) Rules, 2014, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations") issued by SEBI and Guidance note on Reports in Companies Prospectuses (Revised 2019) ("Guidance Note"). Restated Summary Statements have been prepared specifically for inclusion in the offer document to be filed by the Company with the NSE in connection with its proposed IPO. The Company's management has recast the Financial Statements in the form required by Schedule III of the Companies Act, 2013 for the purpose of restated Summary Statements.

The Restated Financial Statements are prepared and presented under the historical cost convention and evaluated on a going-concern basis using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, including the Accounting Standards as prescribed by the Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014.

All assets and liabilities have been classified as current and non-current as per normal operating cycle of the Company and other criteria set out in the Schedule III of the Companies Act, 2013.

b) Use of Estimates:

The preparation of the Financial Statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period/year. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

c) Impairment of Assets:

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. An impairment loss is charged to the Statement of Profit and Loss in the period/year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable value.

d) Provisions and Contingent Liabilities:

Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed

in the Financial Statements.

e) Cash and Cash Equivalents:

Cash and cash equivalents comprises Cash-in-Hand, Short-term Deposits and Balance in Current Accounts with Banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

f) Revenue Recognition:

Revenue from sale of goods net of returns is recognized on delivery or appropriation of services in accordance with the terms of sale and is inclusive of applicable taxes, Price escalation claims are recognized to the extent there is reasonable certainty of its realization.

g) Other Income:

Interest income is accounted on accrual basis. Income other than interest income is accounted for when right to receive such income is established.

h) Earnings per Share:

Basic earnings per share is computed by dividing the profit/ (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity share outstanding during the period. Diluted earnings per share is computed by dividing the profit/ (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

i) Taxation & Deferred Tax:

Income taxes are accounted for in accordance with Accounting Standard (AS-22) – “Accounting for taxes on income”, notified under Companies (Accounting Standard) Rules, 2014. Income tax comprises of both current and deferred tax.

Current tax is measured on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using substantially enacted tax rates and tax regulations as of the Balance Sheet date.

Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization.

j) Segment Reporting:

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

RESULTS OF OUR OPERATIONS

The following discussion on results of operations should be read in conjunction with the Restated Consolidated Financial Statements for the financial years ended on March 31, 2023, 2022 and Restated Standalone Financial Statements for the financial year ended on March 31, 2021.

(Amount ₹ in lacs)

Particulars	For the year ended					
	31 st March 2023 (Consolidated)	% of Total	31 st March 2022 (Consolidated)	% of Total	31 st March 2021 (Standalone)	% of Total
INCOME						
Revenue from Operations	7,866.74	99.64%	2,515.84	99.49%	1,727.07	99.78%
Other Income	28.41	0.36%	12.94	0.51%	3.86	0.22%
Total Income (A)	7,895.15	100.00%	2,528.78	100.00%	1,730.93	100.00%
EXPENDITURE						
Employee benefits expense	1,752.28	22.19%	1,249.30	49.40%	729.69	42.16%
Other direct expense	2,131.17	26.99%	1,077.00	42.59%	818.22	47.27%
Finance costs	68.54	0.87%	8.5	0.34%	18.34	1.06%
Depreciation and Amortization expense	56.03	0.71%	28.3	1.12%	44.29	2.56%
Other expenses	136.82	1.73%	32.62	1.29%	67.77	3.92%
Total Expenses (B)	4,144.84	52.50%	2,395.72	94.74%	1,678.31	96.96%
Profit before tax	3,750.31	47.50%	133.06	5.26%	52.62	3.04%
<i>Tax expense:</i>						
(i) Current tax	987.07	12.50%	37.01	1.46%	21.51	1.24%
(ii) Deferred tax	-26.87	-0.34%	4.68	0.19%	-2.54	-0.15%
Total Tax Expense						
Profit/(Loss) for the Year before Minority Interest	2,790.11	35.34%	91.37	3.61%	33.65	1.94%
Minority's share of interest	16.09	0.20%	1.27	0.05%	-	-
Profit/(Loss) for the Period	2,774.02	35.14%	90.1	3.56%	33.65	1.94%

Main Components of our Profit and Loss Account

Income

Our total income comprises of revenue from operations and other income.

Revenue from Operations

Our revenue from operation as a percentage of our total income was 99.64%, 99.49% and 99.78% for the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021 respectively.

Other Income

Other income primarily includes interest income.

Expenditure

Our total expenditure primarily consists of direct expenses, employee benefit expenses, finance costs and Other Expenses.

Employee Benefit Expenses

Our employee benefits expense comprises of salary and allowances, Contribution to PF, ESIC, Director's remuneration, gratuity and staff welfare expenses.

Finance costs

Our Finance cost expenses comprises of interest on borrowings, interest on delayed payment of taxes, other borrowing costs, etc.

Other Expenses

Other expenses primarily include business promotion expenses, remuneration to auditor, maintenance expense, communication expenses, insurance, stationary & printing expenses, legal and professional charges, repairs and maintenance expenses, miscellaneous expenses, sales and promotion expenses, security charges, travelling expenses and rates & taxes, etc.

Provision for Tax

The provision for current taxation is computed in accordance with relevant tax regulation. Deferred tax is recognized on timing differences between the accounting and the taxable income for the year and quantified using the tax rates and laws enacted or subsequently enacted as on balance sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized in future.

Fiscal 2023 compared with fiscal 2022

Income

The total income of our company for fiscal year 2023 was ₹ 7895.15lacs against ₹ 2528.78 lacs total income for Fiscal year 2022. An increase of 212.21% in total income. The VFX industry's profitability upswing is fueled by a booming entertainment market, driven by the popularity of advanced gadgets like 4G and 5G. This has spiked demand for high-quality visual effects content. International studios outsourcing VFX to India for cost-effectiveness also contributes, enabling us to maintain profitability while offering superior services.

This remarkable advancement can be attributed to multiple factors, including the accelerated pace of projects that had been temporarily slowed by the pandemic, the resurgence of the global entertainment industry driving increased sales, the expansion of our team leading to heightened project capacity, strengthened collaborations with production houses diversifying project opportunities, and a complete recovery from the pandemic's impact. Following the pandemic, meticulous cost analysis led to improved margins, supported by favorable currency rates compared to previous fiscal periods.

As of March 31, 2023, our workforce expanded to 341 employees, up from 234 on March 31, 2022. Export sales soared by 75.49%, accompanied by an overall sales increase of 24.23%.

Furthermore, to amplify our business potential, we established a wholly owned subsidiary (WOS) in the UK (London) on April 6, 2022.

Expenditure

Employee Benefit Expenses

In Fiscal 2023, our Company incurred for employee benefit expenses ₹ 1752.28 lacs against ₹ 1,249.30 lacs expenses in fiscal 2022. An increase of 40.26%. This was due to hiring of additional employees to keep up with the fast-moving projects and reviewing of Manday Cost.

Other direct expense

In Fiscal 2023, our Company incurred direct expense of ₹ 2131.17 lacs against ₹ 1077 lacs expenses in fiscal 2022. An increase of 97.88%. This was due to increase in the Artist Charges, Consultancy Charges and Travelling Expenses along with other overhead expenses for business purpose.

Finance Costs

The finance costs for the fiscal 2023 was ₹ 68.54 lacs while it was ₹ 8.5 lacs for fiscal 2022. This increase of 706.35% was because of additional debt taken in order to meet the business requirements of the company.

Other Expenses

In fiscal 2023, our other expenses were ₹ 136.82 lacs and ₹ 32.62 lacs in fiscal 2022. An increase of 319.44% was majorly due to increase in business support expenses, rental services cost, and increase payment of statutory dues comprising around 58.19% of the increase.

Profit/ (Loss) before Tax

Our Company had reported a profit before tax for the Fiscal 2023 of ₹ 3750.31 lacs against profit before tax of ₹ 133.06 lacs in Fiscal 2022, a 2718.50% increase. This can be attributed to factors such as accelerated post-pandemic project pace, a resurging global entertainment industry, team expansion, stronger production house partnerships diversifying projects, and a post-pandemic recovery. Cost analysis and favorable currency rates boosted margins. Workforce grew to 341 from 234, with export sales up 75.49%, overall sales up 24.23%. We enhanced business by establishing a UK subsidiary on April 6, 2022.

Profit/ (Loss) after Tax

Profit after tax for the Fiscal 2023 was at ₹ 2774.02 lacs against profit after tax of ₹ 90.1 lacs in fiscal 2022, a 2978.82% increase. This was due to increase in profit before taxes of the company.

Fiscal 2022 compared with fiscal 2021

Income

The total income of our company for fiscal year 2022 was ₹ 2,528.78 lacs against ₹ 1730.93 lacs total income for Fiscal year 2021. An increase of 46.09% in total income. This growth was fueled by business expansion, project advancements, subsidiary profits, and effective cost control. While FY 2021 presented challenges due to COVID's global impact, FY 2022 saw a resurgence in the entertainment industry, leading to project materialization and increased revenue. Prior years saw reduced Per Manday costs due to the pandemic, and project delays caused by production houses impacted our margins.

Additionally, we expanded our business prospects by establishing a wholly owned subsidiary in Canada on 7th July 2021.

Expenditure

Employee Benefit Expenses

In Fiscal 2022, our Company incurred for employee benefit expenses ₹ 1,249.30 lacs against ₹ 729.69 lacs expenses in fiscal 2021. An increase of 71.21% was due to new hiring of employees and reviewing of Manday Cost.

Other direct expense

In Fiscal 2022, our Company incurred direct expense of ₹ 1,077 lacs against ₹ 818.22 lacs expenses in fiscal 2021. An increase of 31.63%. This was majorly due to increase in scale of operations of the company.

Finance Costs

The finance costs for the fiscal 2022 was ₹ 8.5 lacs while it was ₹ 18.34 lacs for fiscal 2021. This decrease of 53.65% was due to repayment of debts taken by the company subsequently paying less interest.

Other Expenses

In fiscal 2022, our other expenses were ₹ 32.62 lacs and ₹ 67.77 lacs in fiscal 2021. A decrease of 51.87 % was is because of placing right internal control measures at appropriate instances.

Profit/ (Loss) before Tax

Our Company had reported a profit before tax for the Fiscal 2022 of ₹ 133.06 lacs against profit before tax of ₹52.62 lacs in Fiscal 2021, a 152.87% increase. The pandemic had a negative impact on our business in FY21, but in FY22, we saw a resurgence in the entertainment industry and an increase in our workforce, leading to a significant rise in revenue.

This was due to increase in number of projects and materialization of held up projects of the company. Also, income from subsidiary has been considered comprising of around 30% increase.

Profit/ (Loss) after Tax

Profit after tax for the Fiscal 2022 was at ₹ 90.1 lacs against profit after tax of ₹ 33.65 lacs in fiscal 2021, a 167.75% increase. This was due to increase in profit before taxes of the company.

Cash Flows

(Amount ₹ in lacs)

Particulars	For the period ended		
	31 st March, 2023	31 st March, 2022	31 st March, 2021
Net Cash from Operating Activities	783.43	78.75	(241.87)
Net Cash from Investing Activities	(90.34)	(51.67)	(47.39)
Net Cash used in Financing Activities	(125.01)	306.80	(2.56)

Cash Flows from Operating Activities

Net cash from operating activities for the March,31 2023 was ₹ 783.43 lacs as compared to the Profit Before Tax at ₹ 3,750.31 lacs. cash from operating activities for the period ended March 31, 2022 was at ₹ 78.75 lacs as compared to the Profit Before Tax at ₹ 133.06 lacs, while for period ended March 31, 2021, net cash from operating activities was at ₹ (241.87) lacs as compared to the Profit Before Tax at ₹ 52.62 lacs.

Cash Flows from Investment Activities

Net cash from investing activities for the fiscal 2023 was ₹ (90.34) lacs. This was due to increase in investment in foreign subsidiaries. Net cash from investing activities for fiscal 2022 was at ₹ (51.67) lacs due to increase in investment in foreign subsidiaries, while for fiscal 2021, net cash from investing activities was at ₹ (47.39) lacs due to increase in workspace capacity.

Cash Flows from Financing Activities

Net cash from financing activities for the fiscal, 2023 was ₹ (125.01) lacs. Net cash from financing activities for fiscal 2022 was at ₹306.80 lacs due to repayment of debt, while for fiscal 2021, net cash from financing activities was at ₹ (2.56) lacs also due to increase in debt.

OTHER MATTERS

1. Unusual or infrequent events or transactions

Except as described in this Draft Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

2. Significant economic changes that materially affected or are likely to affect income from continuing Operations

Other than as described in the Section titled “Financial Information” and chapter titled “Management’s Discussion and Analysis of Financial Conditions and Results of Operations”, beginning on Page 139 and 140 respectively of this Draft Prospectus, to our knowledge there are no significant economic changes that materially affected or are likely to affect income from continuing Operations.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations

Other than as described in the chapter titled “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Conditions and Result of Operations*”, beginning on Page 22 and 140 respectively of this Draft Prospectus, best to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our company from continuing operations.

4. Future relationship between Costs and Income

Other than as described in the chapter titled “*Risk Factors*” beginning on Page 22 of this Draft Prospectus, best to our knowledge there are no factors, which will affect the future relationship between costs and income or which are expected to have a material adverse impact on our operations and finances.

5. Competition Conditions

The industry in which we are operating faces competition from organized as well as unorganized players in the international market. We have a number of competitors who ~~manufacture and~~ supply services, which are similar to the services delivered by us. Even with a diversified product portfolio, quality approach and modern technology used in our products, we may have to face competitive pressures. We believe the principal elements of competition in our industry are price, quality, timely delivery and reliability. We compete against our competitors by establishing ourselves as a top solution provider of engineering services for engineering systems, built on automotive chassis and allied areas with industry expertise, which enables us to provide our clients with appropriate customized products suitable to their needs and market requirements.

We are venturing into supporting the international gaming industry with tremendous opportunities complimenting the business growth.

6. To extend to which business is seasonal

Our Company is engaged in the business of Visual Effects (VFX) and business of our company is not seasonal.

7. Any significant dependence on a single or few suppliers or customers.

Our top five customers contributes 46%, 41% and 61% of our total sales for the year ended on March 31, 2023, March 31, 2022 and March 31, 2021 respectively.

Further our company is engaged in VFX industry hence we are not dependent on any suppliers.

FINANCIAL INDEBTEDNESS

In terms of the Articles of Association of the Company, the Board is authorized to accept deposits from members either in advance of calls or otherwise, and generally accept deposits, raise loans or borrow or secure the payment of any sum of moneys to be borrowed together with the moneys already borrowed including acceptance of deposits apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, exceeding the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) or upto such amount subject to members approval from time to time.

Our Company has obtained the necessary consents required under the relevant loan documentation with banks and financial institutions for undertaking activities, such as change in its capital structure, change in its shareholding pattern and change in promoter's shareholding which has a possible change in the management control of our Company.

As on March 31, 2023 our Company has total outstanding secured borrowings from banks and financial institutions aggregating to Rs. 40.25 lakhs and Unsecured Loan aggregating to Rs. 212.33 lakhs.

Set forth below is a brief summary of our aggregate borrowings from banks and financial institutions on a consolidated basis as of on March 31, 2023:

(Rs. In Lacs)

Particulars	As at March 31, 2023
Secured	
a) Term Loans:	
i. From Banks (Note 1)	40.25
Unsecured	
a) Term Loans:	
i. From Banks (Note 2)	181.32
ii. From Others (Note 3)	20.50
b) From Related Parties	10.51
Total	252.58

Note 1

Particulars	Terms of Repayment	Rate of Interest	No of O/S Instalments	Instalment Amount (Rs. In Lakhs)	Starting Date	Outstanding (Rs. in lakhs)	Nature of Security /Pledge	Type of Loan
Axis bank - Car Loan	48 Months	9%	12	0.72	09/03/2020	8.20	Vehicle	Vehicle Loan
Canara bank - Car Loan	84 Months	9%	72	0.85	15/03/2022	45.99	Vehicle	Vehicle Loan

Note 2

Particulars	Terms of Repayment	Rate of Interest	No of O/S Instalments	Instalment Amount (Rs. In Lakhs)	Starting Date	Outstanding (Rs. in lakhs)	Nature of Security /Pledge	Type of Loan
Deutsche Bank - Phase II	36 Months	14%	25	1.71	30/03/2022	36.70	-	Business

								s Loan
HDFC Bank - Term Loan	36 Months	13%	23	2.53	30/01/2022	51.20	-	Business Loan
IDFC First Bank - Phase II	36 Months	14%	25	1.74	29/03/2022	37.61	-	Business Loan
Standard Chartered Bank - Term Loan	36 Months	14%	25	2.56	30/03/2022	55.31	-	Long-Term Working Capital
Axis Bank - Term Loan - Phase II	36 Months	14%	25	1.71	31/03/2022	35.42	-	Business Power Loan
Indusind Bank - Term Loan	36 Months	15%	27	1.73	04/06/2022	39.50	-	Business Loan
Kotak Mahindra Bank - Term Loan	36 Months	15%	26	1.72	23/05/2022	38.00	-	Business Loan
Yes Bank - Term Loan	36 Months	15%	27	1.39	25/05/2022	31.61	-	Business Loan

Note 3

Particulars	Terms of Repayment	Rate of Interest	No of O/S Instalments	Instalment Amount (Rs. In Lakhs)	Starting Date	Outstanding (Rs. in lakhs)	Nature of Security /Pledge	Type of Loan
Aditya Birla - Term Loan - Phase II	36 Months	14%	25	1.71	24/03/2022	36.87	-	Business Installment Loan

SECTION VII - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENT

Except, as stated in this section and mentioned elsewhere in this Draft Red Herring Prospectus there are no litigations including, but not limited to suits, criminal proceedings, civil proceedings, actions taken by regulatory or statutory authorities or legal proceedings, including those for economic offences, tax liabilities, show cause notice or legal notices pending against our Company, Directors, Promoters, Group Companies or against any other company or person/s whose outcomes could have a material adverse effect on the business, operations or financial position of the Company and there are no proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (a) of Part I of Schedule V of the Companies Act, 2013) other than unclaimed liabilities of our Company, and no disciplinary action has been taken by SEBI or any stock exchange against the Company, Directors, Promoters or Group Companies.

Except as disclosed below there are no:

- a) litigation or legal actions, pending or taken, by any Ministry or department of the Government or a statutory authority against our Promoters during the last five years;
- b) direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action;
- c) pending proceedings initiated against our Company for economic offences;
- d) default and non-payment of statutory dues by our Company;
- e) inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous companies law in the last five years against our Company, including fines imposed or compounding of offences done in those five years;
- f) material frauds committed against our Company in the last five years.

Pursuant to SEBI ICDR Regulations, all other pending litigations except criminal proceedings, statutory or regulatory actions and taxation matters involving our Company, Promoters, Directors and Group Companies/entities, would be considered material for the purposes of disclosure if:

- a) the monetary amount of the claim made by or against the Company and directors in any such pending litigation is equal to or in excess of 10% of the consolidated revenue of the Company or 25% of the profits before tax of the Company (whichever is lower) as per the last audited financial statements of the Company for a complete financial year, as included in the Offer Documents; or
- b) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation does not exceed the amount determined as per clause (a) above, and the amount involved in all of such cases taken together exceeds the amount determined as per clause (a) above; and
- c) any such litigation which does not meet the criteria set out in (a) above and an adverse outcome in which would materially and adversely affect the operations or financial position of the Company.

Accordingly, we have disclosed all outstanding litigations involving our Company, Promoters, Directors and Group Companies which are considered to be material. In case of pending civil litigation proceedings where in the monetary amount involved is not quantifiable, such litigation has been considered material only in the event that the outcome of such litigation has an adverse effect on the operations or performance of our Company. Unless otherwise stated to contrary, the information provided is as of date of this Draft Red Herring Prospectus.

3. Tax Proceedings

Below are the details of pending tax cases involving our Company, specifying the number of cases pending and the total amount involved:

Outstanding Indirect Tax Proceedings

Sr no.	Period	Forum	Citation	Issue/s	Amount Involved (In Lacs)*
1.	AY 2018-19	Assistant Commissioner	Reference No. ZD330523015717K	<i>Notice Under section 73(5)/74(5) received dated 04th May, 2023 for intimating Mismatch in GSTR 1 & GSTR 3B Returns for Sales and Purchase and GST Annual return 9 /9C Not filed. The Case is pending with the Authority</i>	81.10
2.	AY 2018-19	Assistant Commissioner	Reference No. ZD330523015766H	<i>Notice Under section 73(5)/74(5) received dated 04th May, 2023 intimating Non filing of GST Annual return 9 /9C. The Company has filed its reply dated 04th May, 2023. The case is pending with Authority</i>	2.21
3.	AY 2020-21	Proper Officer	Reference No. ZB3302222005072	<i>Notice Under section 61(1), 50(1) & 74, 74 received dated 24th February, 2022 intimating mismatch in GSTR 1 & GSTR 3B Returns for Sales and Purchase. The Company has submitted its reply dated 24th February, 2022. As on the</i>	1.92

				<i>date the case is pending with Authority</i>	
4.	AY 2020-21	Commercial Tax Officer	Reference No. ZD330123045706P	<i>Notice Under section 73(5) received dated 12th January, 2023 intimating Non filing of GST Annual return 9 /9C. Company has filed its reply on 12th January, 2023. Now the case is pending with the Authority</i>	14.61

**To the extent quantifiable*

3. LITIGATION INVOLVING OUR INDEPENDENT DIRECTORS

5. Other Material Litigations

1. M/s Karur Vaysya Bank Limited, Asset Recovery branch, Chennai has filed suite against M/s Adgear Media Private Limited in which Mr. Subramaniam Krishnan is a director in Debt Recovery Tribunal-II, Chennai. Hon'ble Tribunal has issued summons dated 6th July, 2021 under Section 19(4) of the Act for recovery of debts amounting to Rs. 2,56,45,778.95. The Case is pending with Debt Recovery Tribunal, Chennai.

2. M/s Deutsche Bank , Chennai has filed suite against M/s Adgear Media Private Limited in which Mr. Subramaniam Krishnan is a director and against Mr. Subramaniam Krishnan in Debt Recovery Tribunal I at Chennai. Tribunal has issued summons dated 6th March, 2020 under Section 19(4) of the Act for recovery of debts amounting to Rs. 24,35,425.77. The Case is pending with Debt Recovery Tribunal, Chennai.

GOVERNMENT AND OTHER APPROVALS

In view of the licenses / permissions / approvals / no-objections / certifications / registrations, (collectively “Authorisations”) listed below, our Company can undertake this Issue and our current business activities and to the best of our knowledge, no further approvals from any governmental or regulatory authority or any other entity are required to undertake this Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus. It must be distinctly understood that, in granting these approvals, the GoI, the RBI or any other authority does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. For further details in connection with the regulatory and legal framework within which we operate, please refer to the chapter titled “Key Industry Regulation and Policies” beginning on page 108 of the Draft Red Herring Prospectus.

APPROVALS RELATED TO OUR SUBSIDIARY:

1. Basilic Fly Studio UK Private Limited

S.N.	Authorisation granted	Issuing Authority	CIN/Registration No.	Date of Issue	Valid upto
1.	Certificate of Incorporation in the name of “Basilic Fly Studio UK Private Limited”	Registrar of Company for England and Wales	14029594	06.04.2022	Perpetual
2	Unique Identification Number – UK	RBI -	MAWAZ20231444	-	Perpetual
3	Employee Paye Reference	HM Revenue and Customs – UK	120/NE55319	07.10.2022	Perpetual
4	VAT Registration	HM Revenue and Customs - UK	434611123	08.03.2023	Perpetual

2. Basilic Fly Studio Canada Limited

S.N.	Authorisation granted	Issuing Authority	CIN/Registration No.	Date of Issue	Valid upto
1.	Certificate of Incorporation in the name of “Basilic Fly Studio Canada Limited”	British Columbia Registry Services	BC1313688	02.07.2021	Perpetual
2	Unique Identification Number – Canada	RBI	MAWAZ20211257	-	Perpetual
3	GST Registration	Canada Revenue Agency	790255707	02.07.2021	Perpetual

Licenses/Approvals required for setting up new studio at Hyderabad:

Sr no.	Authorization	Issuing Authority	Licence/Approvals required to be obtained
1.	ESI Act, 1848	Employee State Insurance Corporation	Employee State Insurance
2.	Professional Tax	Commercial Taxes Department, Telangana	Professional Tax
3.	Shop & Establishment Act	Telangana Shops and Establishment Act, 1988	Shops and Establishment

Licenses/Approvals required for setting up new studio at Salem

Sr no.	Authorization	Issuing Authority	Licence/Approvals required to be obtained
1.	ESI Act, 1848	Employee State Insurance Corporation	Employee State Insurance
2.	Professional Tax	Salem Municipal Corporation Revenue Department Professional Tax, Tamilnadu	Professional Tax
3.	Shop & Establishment Act	Government of Tamil Nadu, Labour Department	Shops and Establishment

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines/regulations issued by the Government or the regulations, rules or guidelines issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules or regulations made there under or guidelines issued, as the case may be. I further certify that all the statements in this Corrigendum cum Addendum to the Draft Prospectus are true and correct.

Signed by the Director

Sd/-

Balakrishnan

Date: August 17th, 2023

Place: Chennai