



VELS FILM INTERNATIONAL LIMITED

CIN: U74999TN2019PLC132235

PAN: AAHCV1475C

To

Dated: 04/01/2024

Listing Department
National Stock Exchange of India Ltd ("Exchange")
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400051

NSE SYMBOL: VELS

Sub: Outcome of the Board Meeting pursuant to Regulation 30 and Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Initial Public Issue of equity shares aggregating 34,08,000 Equity Shares of Face Value of Rs. 10/- each of Vels Film International Limited

Ref: Exchange letter vide NSE/LIST/2218 dated October 20, 2023

In continuation to the Exchange requirement vide letter dated October 18, 2022, November 18, 2022, and December 01, 2022 and your letter dated 20th October 2023 regarding the revision in Risk Factors A and B (Section III, Page no. 26 and 27) in the prospectus, in this regard, as per the direction by the Exchange, the letter NSE/LIST/2218 dated October 20, 2023 was placed before **the Board of Directors at the Board Meeting held on 04th January 2024** and the same was taken note by the Board of Directors.

We hereby clarify that the following Risks were inadvertently missed out in the Final Prospectus of our company

- 1. Our Company, Promoter and Group Entities are parties to certain legal proceedings. Any adverse decision in such proceedings may have a material adverse effect on our business, results of operations and financial condition.***

In the past there has been multiple instances where criminal suits were filed against our promoter –

a. Contempt of Court :-

A suo moto contempt of Court petition was filed against our promoter and 1 other in Hon'ble High court of Madras in 2019 for obstructing the administration of justice. This case has been disposed off by the High Court of Madras vide its order dated July 29, 2019.

b. Case under criminal code for assault, violence, etc. :-

A charge sheet was filed against our promoter and 2 others under section 341, 323, 324, 506(ii) r/w 109 and 34 of IPC in the year 2011. Our promoter was



arrested under the accusations. The case was based on an incident involving scuffle in a meeting of Pachayappa's trust held on 29 October 2011. Our promoter was later granted bail and this criminal proceeding was quashed by the Madras High Court vide its order dated February 14, 2014.

There has also been an instance where a raid was conducted at our Promoter's premises –

Raid conducted by Inspector of police, vigilance and anti-corruption, Chennai :-

Our promoter has not received any notice in this case. Vijayabaskar, former health minister of Tamil Nadu state government, is accused in the case and is currently facing anti-corruption charges. Since the medical college, Vels Medical College and Hospital, being run by our promoter also got its license during the period when Mr. C. Vijayabaskar was the health minister, our medical college also came under the scrutiny. As a result, Inspector of police, vigilance and anti-corruption raided the office and personal premises of our promoter. We confirm that after the search no proceedings were launched against the company and its promoters.

Presently our Promoter is party to certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and forums. Mentioned below are the details of the proceedings involving our Promoter as on the date of this Draft Prospectus along with the amount involved, to the extent quantifiable

Litigations against our Promoter:-

(Rs. In Lakhs)

Nature of Cases	No. of Outstanding Cases	Amount in dispute/demanded to the extent ascertainable
Litigation/Matters involving tax Liabilities	1	The amount is unascertainable because the case is pending with the Income Tax Settlement Commission, Additional bench, Chennai.
Other Pending Litigations (Material)	-	-

Note: Amount mentioned to the extent quantifiable. The amount may be subject to additional interest/other charges being levied by the concerned authorities which are unascertainable as on date of this Draft Prospectus.

There can be no assurance that these litigations will be decided in favour of our Company, Promoter and our Group Entities, respectively, and consequently it may divert the attention of our management and Promoter and waste our corporate resources and we may incur significant expenses in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If such claims are determined against us, there could be a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares. For the details of the



cases please refer the chapter titled “*Outstanding Litigations and Material Developments*” on page 149.

There has also been an instance where a notice was issued by Enforcement Directorate for property seizure – ‘Order of Seizure’ issued by Enforcement Directorate. The ED order was issued against the previous promoters of a company in which our promoter invested at a later stage.

The ED action is related to GDRs issued by G.V. Films Limited in violation of FEMA in the year 2007 by its previous management. Further, there was no link between our promoter and the company G.V. Films Ltd at that time. As per the ‘Order of Seizure’ dated August 30, 2022, the property of ₹ 8.94 Crores was not owned by our Promoter Dr. Ishari K. Ganesh. The seized property was owned by GV Studio City Limited (a 100% subsidiary of G.V. Films Limited) since 2010. Further, our promoter is not accused in the order.

In the year 2016, our promoter saw the opportunity of bargain investing in G.V. Films Ltd which was in movie production, film studios and film city. Hence, he invested in the company and took a board seat in G.V. Films Limited as well as its subsidiary GV Studio City Limited, as an investor only. However, after assessing both the companies more closely he decided to resign as director from the boards of G.V. Films Limited and GV Studio City Limited w.e.f. February 03, 2022 and May 12, 2022 respectively. Further also, our promoter never acted as a promoter of GV Films Ltd and currently he, along with his wife, holds 13.95% in the company.”

2. *Delays, cost overruns, cancellation or abandonment of the completion or release of films may have an adverse effect on our business.*

There are substantial financial risks relating to the production, completion and release of films. If the film produced by us is released and later became a failure, we will be impacted only to the extent of risk undertaken by us as per the contract of sale of rights and distribution since we do not undertake the task of distribution of the film. Also, we will not be impacted substantially if we had outrightly sold the rights of the film to the distributors.

Further, the Indian film industry as well as the south region film industry has traditionally been controlled by family run enterprises, with relatively low levels of corporatization. While the growth of corporate film production companies has in recent times increased levels of accountability, the film industry continues to be relatively unorganized. Actual film costs may exceed their budgets and factors such as labour disputes, unavailability of a star performer, equipment shortages, disputes with production teams or adverse weather conditions may cause cost overruns and delay or hamper completion of a production.

We are responsible for all cost overruns on our own productions and as such this production method exposes us to the greatest execution risk. While we try to maintain



CC to Lead Manager to the Issue:
Khambatta Securities Limited
 1 Ground Floor, 7/10, Botawala Building,
 9 Bank Street, Horniman Circle, Fort,
 Mumbai, Maharashtra – 400001, India



National Stock Exchange Of India Limited

Ref: NSE/LIST/2218

October 20, 2023

The Company Secretary
Vels Film International Limited
No. 521/2, Anna Salai Nandanam,
Chennai - 600035,
Tamil Nadu, India

Kind Attn: Ms. Sampath Kumar Sujatha

Dear Madam,

Sub.: Initial Public Issue of equity shares aggregating 3408000 Equity Shares of Face Value of Rs. 10/- each of Vels Film International Limited ("The Company")

This is with reference to the Exchange in-principle approval letter ref no: NSE/LIST/1932 dated December 08, 2022 w.r.t. Company's Initial Public Offer of equity shares aggregating up to Rs. 3,373.92 lakhs.

In response to Exchange requirement vide its letter dated October 18, 2022, November 18, 2022, and December 01, 2022, Lead Manager in its confirmation letter dated February 27, 2023 confirmed that all the below mentioned changes have been incorporated in the Prospectus as stated in letter dated December 08, 2022:

However, in the Prospectus dated February 27, 2023, it is observed that no such revision in Risk Factor A and B (Section III, Page no. 26 and 27) stated below has not been carried out by the Company and Lead Manager to the Issue.

Changes in the Chapter titled **Risk Factors** which included:

- A. Our Company, Promoter and Group Entities are parties to certain legal proceedings. Any adverse decision in such proceedings may have a material adverse effect on our business, results of operations and financial condition.
- B. Delays, cost overruns, cancellation or abandonment of the completion of films may have an adverse effect on our business.

In view of the above, you are advised to be cautious in future and avoid the recurrence of such instances and further you are requested to place this letter in front of the Board of Directors of the Company in the upcoming Board Meeting..

Yours faithfully,
For National Stock Exchange of India Limited

Jalpa Mehta
Manager

CC to Lead Manager to the Issue:
Khambatta Securities Limited
1 Ground Floor, 7/10, Botawala Building,
9 Bank Street, Horniman Circle, Fort,
Mumbai, Maharashtra – 400001, India