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IDENTICAL BRAINS STUDIOS LIMITED



Corporate Identification Number: U22219MH2019PLC320624

Our company was incorporated as a One Person Company under the name "Identical Brains (OPC) Private Limited" under the provisions of the Companies Act, 2013 vide certificate of incorporation dated February 04, 2019 issued by the Assistant Registrar of Companies, Central Registration Centre, Manesar. Further, our company was converted from a OPC to private limited company pursuant to a special resolution passed in the extraordinary general meeting of our shareholders held on April 02, 2021 and the name of our Company was changed to "Identical Brains Private Limited" with a fresh Certificate of Incorporation dated July 08, 2021 issued by the Registrar of Companies, Mumbai. Subsequently, the name of our company was changed to "Identical Brains Studios Private Limited" pursuant to a special resolution passed in the extraordinary general meeting of our shareholders held on March 22, 2024, consequent upon which, a fresh certificate of incorporation dated June 18, 2024 was issued by the Assistant Registrar of Companies, Central Registration Centre. Thereafter, our company was converted from a private limited company to a public limited company, pursuant to a special resolution passed in the extraordinary general meeting of our shareholders held on June 21, 2024 and the name of our Company was changed to "Identical Brains Studios Limited" with a fresh certificate of incorporation dated August 12, 2024, issued to our Company by the Assistant Registrar of Companies, Central Registration Centre. The Corporate Identification Number of our Company is U22219MH2019PLC320624. For further details on incorporation and registered office of our Company, see "History and Certain Corporate Matters" on page 189 of the Red Herring Prospectus dated December 11, 2024 filed with the ROC..

Registered & Corporate Office: 802, 803 and 804, Crescent Royale, Veera Desai Road, off. New Link Road, Oshiwara, Andheri, Mumbai - 400 053, Maharashtra, India | **Telephone:** 022 - 6894 3898 | **Email:** investor@identicalbrains.com | **Website:** www.identicalbrains.com

Contact Person: Pallavi Ashok Chavan, Company Secretary and Compliance Officer

THE PROMOTERS OF OUR COMPANY ARE RAGHVENDRA RAI AND SAMEER RAI

THE ISSUE

INITIAL PUBLIC OFFERING OF UPTO 36,94,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE) ("ISSUE PRICE") AGGREGATING TO ₹ [●] LAKHS ("THE ISSUE"). THE ISSUE WILL CONSTITUTE [●] % OF THE POST-ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. THE ISSUE INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES AGGREGATING TO ₹ [●] LAKHS (CONSTITUTING UP TO [●] % OF THE POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY) FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●] % AND [●] % RESPECTIVELY, OF THE POST- ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

Our Company is a TPN audited visual effects ("VFX") studio, offering comprehensive suite of VFX services in diverse range of projects such as films, web series, TV series, documentaries, and commercials. Our portfolio includes projects like Tanaav 2, Criminal Justice 4, Khel Khel Mein, Murder in Mahim, Bad Cop, The Crew, Article 370, Mission Raniganj, Dream Girl 2, Indian 2, Rocket Boys, Bob Biswas, Kutch Express, Ek Villian Returns, Night Manager, Criminal Justice 3, Phone Bhoot, Satyamev Jayate 2, Angrezi Medium, Scam 1992: The Harshad Mehta Story, Good Newwz, Panipat and many more.

The Issue is being made through the Book Building Process in accordance with Regulation 229 (2) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"). QIB Portion: Not more than 50% of the Net Issue | Non-Institutional Category: Not less than 15% of the Net Issue | Retail Category: Not less than 35% of the Net Issue.

For further details, see "Other Regulatory and Statutory Disclosures – Eligibility for the Issue" on page 246 of the RHP For details of share reservation among QIBs, NIBs and RIBs, see "Issue Structure" on page 262 of the RHP.

PRICE BAND: ₹ 51/- to ₹ 54/- PER EQUITY SHARE SHARE OF FACE VALUE OF ₹10/- EACH.

THE FLOOR PRICE AND CAP PRICE ARE 5.1 TIMES AND 5.4 TIMES THE FACE VALUE OF THE EQUITY SHARES RESPECTIVELY.

BIDS CAN BE MADE FOR A MINIMUM OF 2,000 EQUITY SHARES AND IN MULTIPLES OF 2,000 EQUITY SHARES THEREAFTER.

In making an investment decision and purchase in the issue, potential investors must only rely on the information included in the RHP and the Terms of the Issue, including the merits and risks involved and not rely on any other external sources of information about the issue available in any manner.

In relation to the price band, potential investors should only refer to this price band advertisement for the issue and should not rely on any media article/reports in relation to the valuation of the Company as these are not endorsed, published or confirmed either by the Company or by the BRLM.

BID / ISSUE PERIOD	ANCHOR INVESTOR BIDDING DATE : TUESDAY, DECEMBER 17, 2024
	BID/ ISSUE OPENS ON: WEDNESDAY, DECEMBER 18, 2024
	BID/ ISSUE CLOSES ON: FRIDAY, DECEMBER 20, 2024

Our Company in consultation with the BRLM, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid / Issue Opening Date.

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

The UPI mandate end time and date shall be at 5:00 p.m. on Bid / Issue Closing Date.

RISKS TO INVESTORS

For details refer to section titled "Risk Factors" on page 35 of the RHP.

- Dependence on relationships with the major Bollywood studios:** We depend upon our relationships with the major Bollywood studios, including key executive and creative talent, and any deterioration in these relationships could materially and adversely affect our business.
- Rapidly changing consumer behaviour and tastes:** Our Company operates in the constantly evolving entertainment industry, which is subject to rapidly changing consumer behaviour and tastes, and depends on audience acceptance of content for which we provide VFX services and the long-term popularity of the brands and franchises that our customers produce
- Order book and order pipeline:** Our order book and order pipeline are not necessarily indicative of its future revenue or other results of operations and we may not fully realise the revenue value reported in our order book and order pipeline.
- Dependence on Top 10 customers:** We are currently dependent on our top ten customers for our revenues. Further we do not have any long-term commitments from customers and any failure to continue our existing arrangements could adversely affect our business and results of operations. The substantial portion of our revenue is currently significantly dependent on our top ten customers. For instance, our top ten customers for the period ended September 30, 2024 and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 accounted for 96.41%, 76.55%, 80.01% and 82.29%, respectively of our revenue from operations.
- We secure contracts from both film and content producers and through subcontracting arrangements:** Our business thrives on a combination of direct contracts with film and content producers and subcontracting arrangements. Our ability to secure contracts directly is largely attributed to our extensive connections, esteemed reputation in the entertainment industry, and track record of successful projects. Additionally, subcontracting plays a significant role in our operations, accounting for 43.90%, 14.81%, 28.42% and 36.94% of our projects for the period ended September 30, 2024 and for the Fiscals 2024, 2023 and 2022 respectively.
- Financial Risk:** We have experienced negative cash flows in previous Fiscals and may continue to have negative cash flows in the future. Our cash flow for the financial years are set forth in the table below Based on Restated Financial Information:

(₹ in lakhs)

Particulars	September 30, 2024	As at March 31		
	2024	2023	2023	2022
Net cash flow from/ (used in) from operating activities (A)	(299.55)	189.53	235.61	(11.39)
Net cash flow from/ (used in) investing activities (B)	302.56	(574.59)	(156.79)	(17.44)
Net cash flow from/ (used in) financing activities (C)	(11.39)	398.02	-	-

- Working Capital Requirement Risks:** Our business requires significant amount of working capital. We may not be able to obtain future financing on favourable terms or at all. If we experience insufficient cash flows from our operations or are unable to borrow funds to meet our working capital requirements, it may materially and adversely affect our business and results of operations.

- Average cost of acquisition of Equity Shares is as stated in the below table and the Issue Price at the upper band of the price band is ₹54/-**

Sr. No.	Name of the Promoters	Equity shareholding as on the date of this Draft Red Herring Prospectus	Average cost of Acquisition per Equity Share (in ₹)*
1.	Raghvendra Rai	88,50,600	0.01
2.	Sameer Rai	89,400	-

*As certified by M/s. S.C Mehra & Associates LLP, Chartered Accountants, by way of their certificate dated August 26, 2024.

- Weighted average cost of acquisition of all shares transacted in the three years, 18 months and one year preceding the date of the Red Herring Prospectus:**

Period	Number of Equity Shares transacted of face value ₹10/-each	Weighted average cost of acquisition per Equity Share (in ₹)	Cap Price is 'x' times the weighted average cost of acquisition@	Range of acquisition price per Equity Share: lowest price-highest price (in ₹)
Last one year preceding the date of this Red Herring Prospectus	1,03,21,958	3.77	14.32	Nil ^ - 25,500.00
Last 18 months preceding the date of this Red Herring Prospectus	1,03,21,958	3.77	14.32	Nil ^ - 25,500.00
Last three years preceding the date of this Red Herring Prospectus	1,03,21,958	3.77	14.32	Nil ^ - 25,500.00

^ Nil is the lowest price since bonus issue for 68,76,415 equity shares was made on December 26, 2023 and 34,43,986 Equity shares on July 01, 2024.

*As certified by M/s. S.C Mehra & Associates LLP, Chartered Accountants, by way of their certificate dated December 10, 2024.

For further details see section titled "Risk Factors" on page 35 and the financials of the Company including profitability and return ratios, as set out in the section titled "Restated Financial Information" on page 212 of the Red Herring Prospectus for a more informed view.

BASIS FOR ISSUE PRICE

The price band and Issue price will be determined by our Company, in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares of face value of ₹10/- each offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10/- each and the Floor Price is 5.1 times the face value and the Cap Price is 5.4 times the face value. Investors should also refer to "Our Business", "Risk Factors", "Summary of Financial Information", "Restated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 159, 35, 66, 212 and 216 respectively, of the Red Herring Prospectus to have an informed view before making an investment decision.

Qualitative Factors: Some of the qualitative factors and our strengths which form the basis for computing the Issue price are:

- Integrated and highly scalable service delivery capabilities;
- Reputation as a trusted provider of VFX Services with established relationships throughout the Entertainment Industry;
- Attractive business model, with significant revenue visibility and compelling opportunities for long-term margin expansion and cash flow generation; and
- Experienced management team with managerial, creative and technical expertise and industry relationships.

For further details, please refer to "Our Business – Our Strengths" on page 162 of the Red Herring Prospectus.

Quantitative Factors: The information presented below relating to the Company is based on the Restated Financial Information of the Company prepared in accordance with Indian GAAP, and the Companies Act,

2013 and restated in accordance with the SEBI ICDR Regulations. Some of the quantitative factors, which form the basis or computing the price, are as follows:

- Basic and Diluted Earnings Per Share ("EPS")**

As derived from the Restated Financial Information:

Fiscal Year / period ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weights
March 31, 2024	5.18	5.18	3
March 31, 2023	1.56	1.56	2
March 31, 2022	0.49	0.49	1
Weighted Average	3.19	3.19	
Six months period ended September 30, 2024*	2.33	2.33	

*Not annualised

Notes:

- Basic EPS (₹) = Basic earnings per share are calculated by dividing the net restated profit/(loss) for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.
- Diluted EPS (₹) = Diluted earnings per share are calculated by dividing the net restated profit/(loss) for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all dilutive potential Equity Shares during the year, if any.
- Basic and diluted earnings per equity share: Basic and diluted earnings per equity share are computed in accordance with Accounting Standard 20 notified under the Companies (Accounting Standards) Rules, 2021 (as amended). The face value of each Equity Share is ₹10/-.
- Weighted average number of equity shares is the number of Equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor.
- Basic and diluted earnings per equity share for the financial year ended on March 31, 2024, March 31, 2023 and March 31, 2022 presented above have been calculated after considering the bonus issue subsequent to March 31, 2024.

- Price Earnings ("P/E") ratio in relation to the Issue Price of ₹ [●] per Equity Share**

Particulars	P/E at the Floor Price (number of times)	P/E at the Cap Price (number of times)
Based on the Basic EPS, as restated for Fiscal 2024	9.85	10.42
Based on the Diluted EPS, as restated for Fiscal 2024	9.85	10.42

- Industry Peer Group P / E ratio**

Particulars	P/E Ratio
Highest	19.37
Lowest	10.04
Industry Composite	14.71

Notes:

- The industry high and low has been considered from the industry peer set provided later in this section. The industry composite has been calculated as the arithmetic average P / E of the industry peer set disclosed in this section.
- The industry P / E ratio mentioned above is for the financial year ended March 31, 2024.
- All the financial information for listed industry peers mentioned above is sourced from the audited financial results of the relevant companies for Fiscal 2024, as available on the website of the NSE at www.nseindia.com.

- Return on Net worth ("RoNW")**

As derived from the Restated Financial Information:

Fiscal Year / period ended	RONW (%)	Weights
March 31, 2024	44.42%	3
March 31, 2023	55.90%	2
March 31, 2022	40.09%	1
Weighted Average	47.53%	

Six months period ended September 30, 2024*

Notes:

- Return on net worth is calculated as restated profit/(loss) for the year divided by net worth.
- For the purposes of the above, "net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation each as applicable for the Company on restated basis.

- Net Asset Value per Equity Share ("NAV")**

As derived from the Restated Financial Information:

As at	NAV per Equity Share (₹)
March 31, 2024	11.65
September 30, 2024	13.90
After the completion of the Issue:	
(i) At Floor Price	23.67
(ii) At Cap Price	24.46
Issue Price (i)	●

Notes: Net asset value per equity share means total equity divided by weighted average number of equity shares.

(i) Issue Price per Equity Share will be determined on conclusion of the Book Building Process.

- Comparison of accounting ratios with listed industry peers**

Name of the company	CMP (₹)	Face Value (₹)	Basic EPS (₹)	PE Ratio (times)	RoNW (%)	NAV (₹)
Identical Brains Studios Limited	●	10.00	5.18	●	44.42%	11.65
Peer Group						
Prime Focus Limited	132.00	1.00	(0.01)	-	(0.02) %	52.32
Digikore Studios Limited	283.85	10.00	19.04	14.91	22.47%	67.05
Phantom Digital Effects Limited	270.00	10.00	26.90	10.04	16.60%	106.59
Basilic Fly Studio Limited	342.70	10.00	17.69	19.37	29.84%	52.20

Source: www.nseindia.com

Notes:

- The figures for the listed industry peers are based on the Audited Standalone Financial Statements filed for the financial year ended March 31, 2024.
- P / E Ratio has been computed based on their respective closing market price on December 11,

2024 as divided by the Basic EPS as on March 31, 2024.

(3) CMP is the closing prices or the last traded price of respective scripts as on December 11, 2024.

- Key Performance Indicators ("KPIs")**

The table below sets forth the details of KPIs that our Company considers have a bearing for arriving at the basis for Issue Price. The key financial and operational metrics disclosed below have been used historically by our Company to understand and analyse the business performance, which in result, help us in analysing the growth of various verticals segments in comparison to our peers. The Investors can refer to the below-mentioned key financial and operational indicators, being a combination of financial and operational key financial and operational indicators, to make an assessment of our Company's performance in various business verticals and make an informed decision.

- a) Key Performance Indicators**

Indicator	September 30, 2024	For the Financial Year ended		
	March 31, 2024	March 31, 2023	March 31, 2023	March 31, 2022
Revenue from Operations ⁽¹⁾	1,139.49	2,008.80	804.29	389.29
EBITDA (₹ in Lakhs) ⁽²⁾	423.00	761.71	231.77	70.33
EBITDA Margin (%) ⁽³⁾	37.12	37.92%	28.82%	18.07%
PAT (₹ in Lakhs) ⁽⁴⁾	240.54	534.65	161.28	51.01
PAT Margin (%) ⁽⁵⁾	21.11%	26.62%	20.05%	13.10%
Return on equity (%) ⁽⁶⁾	18.22%	71.66%	77.59%	50.14%
Return on capital employed (%) ⁽⁷⁾	25.80%	103.52%	108.80%	81.40%
Debt-Equity Ratio (times) ⁽⁸⁾	0.01	0.02	-	-
Trade Receivables Turnover Ratio (times) ⁽⁹⁾	1.72	6.05	15.65	7.54
Working Capital Turnover Ratio (times) ⁽¹⁰⁾	1.42	6.67	7.68	8.00
Investment in Property, Plant, Equipment and Software (₹ in Lakhs) ⁽¹¹⁾	2.44	220.76	43.46	4.22

Notes:

- Revenue from operations is calculated as revenue from VFX Services.
- EBITDA is calculated as restated profit before tax, extraordinary and exceptional items plus finance costs, depreciation and amortisation expense minus other income.
- EBITDA margin is calculated as a percentage of EBITDA divided by revenue from operations.
- PAT represents total profit after tax for the year/period.
- PAT margin is calculated as a percentage of PAT divided by revenue from operations.
- Return on Equity (ROE%) is calculated as a percentage of PAT divided by Average Total Equity at the end of the year /period, whereas Total equity is calculated as average of opening equity share capital and reserves and surplus and closing of equity share capital and reserves and surplus.
- Return on Capital Employed (ROCE%) is calculated as a percentage of EBIT divided by Average Capital Employed at the end of the year /period, whereas Average capital employed is calculated as average of opening capital employed and closing capital employed. EBIT is calculated as restated profit before tax plus finance costs minus other income. Capital Employed is calculated as Total Equity minus DTA plus DTL, Long Term Borrowings and Short-Term Borrowings.
- Debt to Equity ratio is calculated as Total Borrowings divided by Total Equity.
- Trade Receivables Turnover Ratio is calculated as revenue from operations divided by average trade receivables. Average trade receivables are calculated as average of opening trade receivables and closing trade receivables.
- Working capital turnover ratio is calculated as revenue from operations divided by average working capital. Average working capital is calculated as average of opening working capital and closing working capital.
- Investment in Property, Plant, Equipment and Equipment is calculated as investment in Computers & Peripherals, Furniture and Fixtures, Software, Office Equipment and Vehicles in a particular period/ year.

- b) Key operational indicators**

Indicator	September 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
No. of clients	30	44	36	33
No. of projects completed	33	44	53	50
Average duration to complete a project (days)	43.39	35.27	18.74	17.84
No. of permanent employees	18	19	18	18
No. of contractual employees	92	124	107	42

Note:

- Average duration to complete a project (days) is calculated as total duration taken to complete all the projects divided by no. of projects completed

The key financial and operational indicators, as disclosed in this section, are the only relevant and material key financial and operational metrics pertaining to our Company which may have a bearing on the Issue Price. The key financial and operational indicators set forth above, have been approved by the Audit Committee pursuant to its resolution dated December 09, 2024 and has been verified and certified by, our Statutory & Peer Reviewed Auditors by their certificate dated December 10, 2024. This certificate has been disclosed as part of the "Material Contracts and Documents for Inspection" on page 294. Further, the Audit Committee has on August 23, 2024 confirmed that other than the key financial and operational indicators set out above, the Company has not disclosed any other key performance indicators during the three years preceding this Draft Red Herring Prospectus with its investors.

All the key performance indicators have been defined, consistently and precisely in "Definitions and Abbreviations – Business, Technical and Industry - Related Terms" on page 12. For details of our other operating indicators, see "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 158 and 214, respectively.

Our Company shall continue to disclose the KPIs disclosed hereinabove in this section on a periodic basis, certified by our Independent Chartered Accountant, at least once in a year (or for any lesser period as determined by the Board), for a duration of one year after the date of listing of the Equity Shares, or until the utilization of Issue Proceeds, whichever is later, on the Stock Exchanges pursuant to the Issue, or for such other period as may be required under the SEBI ICDR Regulations. In case of any change in these KPIs, during the aforementioned period, our Company shall provide an explanation for the same.

- c) Explanations for key financial and operational indicators:**

Indicators	Explanations
Revenue from Operations (₹ in Lakhs)	Revenue from VFX services is used by the management to track revenue generated from our business and overall revenue growth over multiple periods
EBITDA (₹ in Lakhs)	EBITDA helps us identify underlying trends in our business and facilitates evaluation of year-on-year operating performance of our operations by eliminating items that are variable in nature and not considered by us in the evaluation of ongoing operating performance and allowing comparison of our recurring core business operating results over multiple periods
EBITDA Margin (%)	EBITDA Margin assists in tracking the margin profile of our business and in understanding areas of our business operations which have scope for improvement
PAT (₹ in Lakhs)	Profit after tax helps us in identifying information regarding the overall profitability of the business

