

IPO Details

Opening Date	Sep 27, 2022
Closing Date	Sep 29, 2022
Stock Exchange	NSE SME
Lot Size	800 Shares
Issue Price	₹ 171-180 per share
Issue Size	3,72,000 Equity Shares
Application Amount	₹ 1,44,000

IPO Objective

Funding Working Capital Requirement
Funding investments in new projects and General Corporate Purpose
To Meet the Offer Expenses

Pre-Issue Shareholding

Category	No. of Shares	% Of Total Shares
Promoter & Promoter Group	96,80,135	61.79%
Public	59,87,107	38.21%

Promoter of the Company

- Mr. Pradeep Gupta
- M/s Cyber Media (India) Limited

Competitive Strengths

- Customer satisfaction and revenues from long standing customer relationships
- Experienced Promoters and Management Expertise
- Scalable Business Model
- Focused on driving innovation

Company Background

- Company was incorporated in the year 1996 under Registrar of Companies N.C.T of Delhi and Haryana.
- Company is a subsidiary company of a listed company Cyber Media (India) Limited along with other Group Companies.**
- Company is engaged in ad tech and data analytics business in an industry.
- The Company has four revenue streams i.e., Digital Marketing, Programmatic Media Buying, Publisher Monetization, and Data Analytics.
- They provide proprietary solutions that enable advertisers and publishers to match the right ad with the right user CMGalaxy, Auxo Ads and CyberAds is CMRSL's propriety products for different stakeholders in the ecosystem.
- As on the date of filing of prospectus, the company had 48 employees on its payroll.

Financial Summary

For the Period Ended	(In Lacs)		
	Mar-22	Mar-21	Mar-20
Total Assets	2,807.14	1,699.99	1,707.80
Net Assets	366.70	220.25	176.33
Total Borrowings	971.45	737.03	698.90
Total Revenue	5,678.12	3,016.36	3,048.04
Profit After Tax	151.30	66.29	7.72

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Company Overview

Cyber Media Research and Services Limited was incorporated in the year 1996 and has been engaged in the business of providing digital marketing, advertising and data analytical services to its client base. The company is based out of Delhi and also has its subsidiary in Singapore.

Analysis

The company has been into the segment of digital marketing and data analytics which is a niche market segment as everything lies around it be in any business. The industry has a very good prospect and the company could take a huge benefit out of it.

The Company has four revenue streams i.e., Digital Marketing, Programmatic Media Buying, Publisher Monetization, and Data Analytics. The company has developed four products which helps it to provide better services to its clients. The company has mainly four sources of revenue as described below –

Publisher

The company ties up with web channels & publishers to monetize their ad inventory. Google, and similar demand networks, monetise this inventory from several advertisers and pays on the basis of advertisements served on that inventory. The Company retains its margin and pay the balance to the inventory suppliers.

Company uses its product **Auxo Ads** which allows publishers to optimize revenues and manage their traffic more effectively. Auxo Ads collects data regarding users and their behaviour that helps publishers understand their user better. The data collected is utilized to build better predictive models to improve monetisation, analysis and targeting.

Advertiser

The company signs directly with brands for their digital marketing campaigns. These campaigns are performance based and involve campaign management, app

installs, advisory services, creative services, social media planning, and social media execution. Billing is services based.

Company uses its product **CMGalaxy** which is a customized market intelligence tool that allows advertisers to map their entire marketing funnel. It offers a customized dashboard that integrates advertiser data from across multiple marketing channels. This helps build better insights and optimize marketing spends. This fast and clear data flow enables advertisers to be competitive and ensure their marketing budget utilization is done effectively

Programmatic

Programmatic advertising drives performance marketing which drives higher sales for customers. The Company, through its platform **CyberAds** performs ad match in real-time to enable the right ad to be viewed by relevant audiences. The platform provides the clients with matching the perfect target audience for generating higher revenues.

Data Analytics

The company provides customers strategic and tactical insights in the form of market intelligence, market sizing, market ecosystem mapping and go-to-market services. The Company's research and advisory services cover understanding of new 'tech-knowledge' industry domains, maps key sectoral trends, develops definite viewpoints on emerging markets and provides in-depth consumer insights. The Company provides its customers with ability to collect, process, visualize, and effectively deliver insights against large data sets

The company is a group company of Client Media Research (India) Limited and also has a subsidiary in Singapore. The company generates revenue both from domestic and international market. The company's revenue from these sources have been fluctuating over the recent years as depicted in the table below –

(Amount in Lakh)

Geographical Areas	Fiscal 2022		Fiscal 2021		Fiscal 2020		Fiscal 2019	
	(In Lakhs)	(In %)	(In Lakhs)	(In %)	(In Lakhs)	(In %)	(In Lakhs)	(In %)
India	1659.95	48.56%	646.60	28.18%	1,982.26	65.79%	2,744.22	76.25%
Outside India	1758.22	51.44%	1,647.59	71.82%	1,030.69	34.21%	854.54	23.75%

The client base of the company includes Web networks & publishers, including mobile web, app and video publishers such as Ebound Services FZE, Skymet Weather, News Distill, Strit Media, Sweg Enterprises, Various Campaigns from companies such as GEMS Business School, Apeejay Education Society, Waterfront Quantum Ventures (Shahnaz Husain), Rusk Media, Laborate Pharamceuticals, Catch Up Technologies, among others, Ad Agencies such as GroupM, WNS, Logicserve, Bidsopt, AdoMantra, Biz Ad Optimiser, etc., ICT Clients/ Agencies such as HP, Logitech, Dell, Xiaomi etc.

To conclude, the company has a good product segment which is required by all the businesses in any industry but is also operating in a highly competitive environment. The revenue of the company has been stable and suddenly rose in the year just before IPO, raising eyebrows.

Exhibit 1: Market Size of Media and Entertainment Market

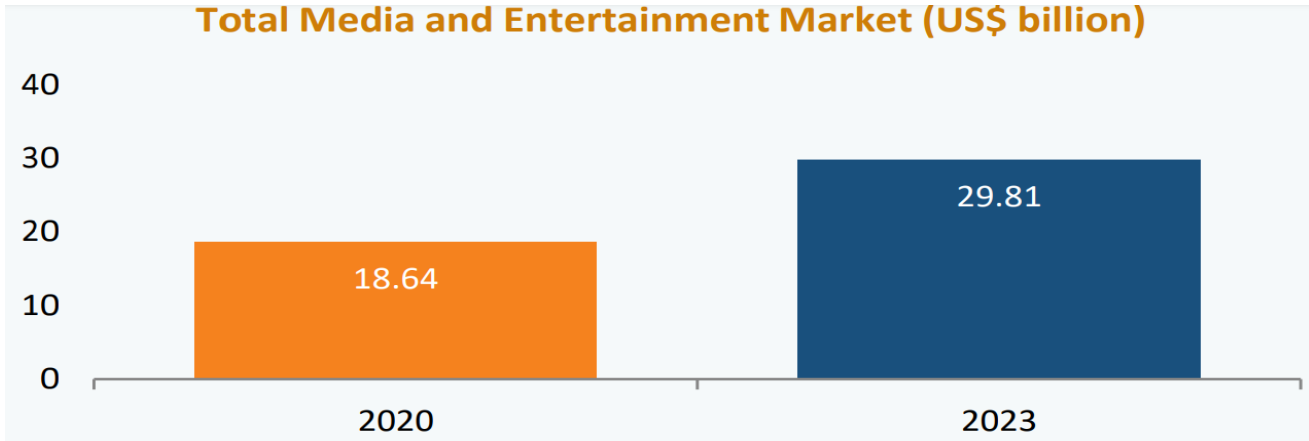


Exhibit 2: Sector Composition of Media and Entertainment Industry

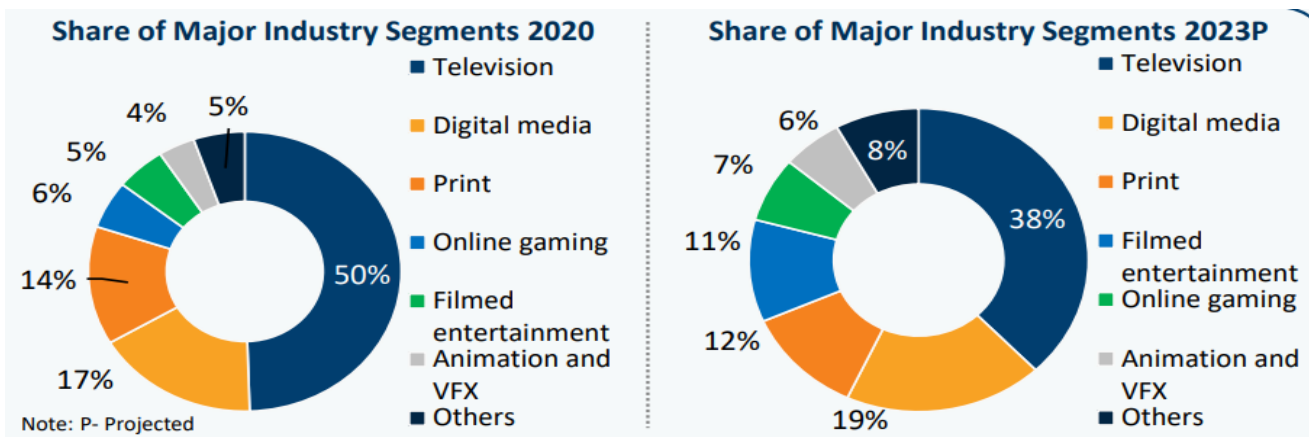
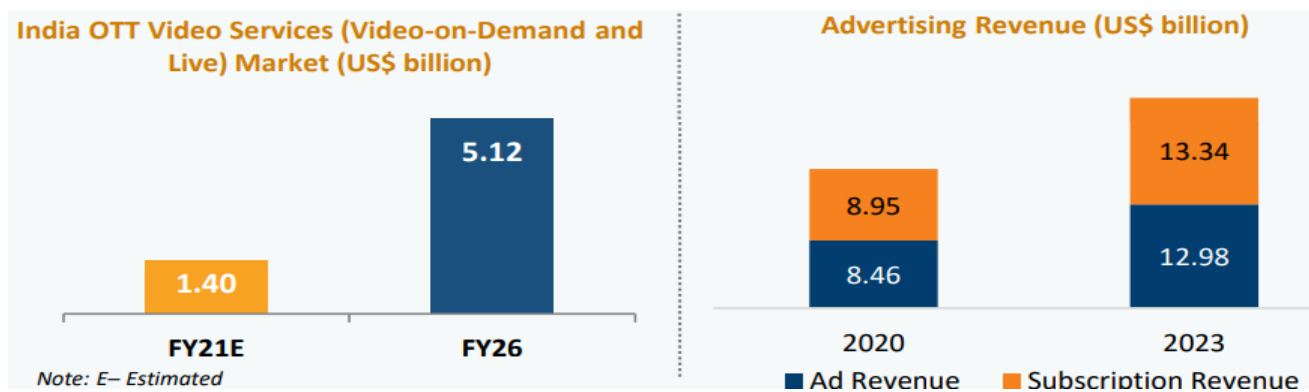


Exhibit 3: Key Trends in Media and Entertainment Industry



(Source: ibef.org)

Investment Overview

Media Industry

The Indian Media and Entertainment (M&E) industry is a sunrise sector for the economy and is making significant strides. Proving its resilience to the world, Indian M&E industry is on the cusp of a strong phase of growth, backed by rising consumer demand and improving advertising revenue. According to a FICCI-EY report, the advertising to GDP ratio is expected to reach 0.4% by 2025 from 0.38% in 2019.

As per BCG report, India's M&E industry is expected to grow between US\$ 55-70 billion by 2030. India's digital advertising industry is expected to grow to Rs. 23,673 crores (US\$ 3.09 billion) in 2022 from Rs. 18,938 crores (US\$ 2.47 billion) in 2021. Television would account for 40% of the Indian media market in 2024, followed by print media (13%), digital advertising (12%), cinema (9%), and the OTT and gaming industries (8%).

The market is projected to increase at a CAGR of 17% between 2020 and 2023. Within the M&E sector, Animation, Visual Effects, Gaming and Comic (AVGC) sector is growing at a rate of ~29%, while the audio-visual sector and services is rising at the rate ~25%; is recognised as one of the champion sectors by the Government of India. The AVGC sector is estimated to grow at ~9% to reach ~Rs. 3 lakh crore (US\$ 43.93 billion) by 2024, stated Union Minister of Commerce & Industry, Consumer Affairs & Food & Public Distribution and Textiles, Mr. Piyush Goyal.

According to BCG, India's SVOD subscriptions is expected to increase by 51% as compared to 2019 and is estimated to reach 90-100 million by 2022.

Advertising revenue in India is projected to reach Rs. 915 billion (US\$ 12.98 billion) in 2023, from Rs. 596 billion (US\$ 8.46 billion) in 2020.

(Source: ibef.org)

Addressable Market for Cyber Media Research and Services Limited

The company has been established in India and also has its subsidiary in Singapore. The company is currently catering to both domestic and international market. The company is planning to target more on the export market side by side with the other regions of India.

Competition

Company operates in a highly competitive environment and rapidly evolving market. The industry is filled with many tech companies who are direct competitors to the subject company. The bargaining power of the company is less and the threat of new entrant is also high with the tech startups coming in rapidly with innovation.

Peer Analysis

As Mentioned in the prospectus, the company has mentioned 3 listed company as its peer viz. Affle India Limited, Brightcom Group Limited and Vertoz Advertising Limited. A summary on the key financial parameters of these companies is given in the table below –

Company	Cyber Media Research and Services Limited	Affle India Limited	Brightcom Group Limited	Vertoz Advertising Limited
Net Profit (INR Cr)	1.51	213.88	912.2	6.1
EBITDA (INR Cr)	3.56	284.8	1504.65	11.8
Return on Capital Employed	30.26%	18.05%	23.71%	15.74%
Return on Equity	41.26%	18.15%	17.23%	9.20%
EPS (INR)#	4.55	17.46	5.37	5.10
P/E* (Times)	39.52	68.56	6.40	20.99

*PE as on 27/09/2022

#EPS is based on Post-IPO

Promoters' Profile and Management Analysis

Mr. Pradeep Gupta



- **Mr. Pradeep Gupta** is the chairman, promoter, and non-executive director of this company.
- He is an Engineer from IIT Delhi and an MBA from IIM Calcutta.
- He is highly qualified technocrat and has over 45 years of experience in a wide variety of functional areas.
- He founded Cyber Media (India) Limited, which established ICT media in India.
- He co-founded Indian Angel Network, one of the largest angel fund in India.

M/s Cyber Media (India) Limited



- M/s Cyber Media (India) Limited is the corporate promoter of the company.
- It holds 59.11% of the Pre-Issue Capital of the company.
- Mr. Pradeep Gupta is the chairman and Managing Director of this company.

Analysis on the Company's Promoter and Board of Directors

Mr. Pradeep Gupta, aged 67 years, is the Chairman and Non-Executive Director and the Promoter of the Company. He is an Engineer from IIT Delhi and an MBA from IIM Calcutta. He is highly qualified technocrat and has over 45 years of experience in a wide variety of functional areas. His thorough understanding of the IT industry, excellent vision, a good understanding of the market and a great ability to delegate and empower others has resulted in a consistent healthy growth of the company over the years. He founded Cyber Media (India) Limited, which established ICT media in India and quickly became one of the largest specialty media houses in the country. With brands such as Dataquest, PCQuest, Voice&Data, Dare, CIOL, Global Services, etc., the company is acknowledged as the leader in this space and is known for its credibility and influence with the industry. start-ups. He co-founded Indian Angel Network, one of the largest angel funds in India.

Mr. Dhaval Gupta, 38 years is Managing Director of the Company. He is a Graduate in Economics, and Cultures of Asia from University of Wisconsin – Madison. He has over 16 years of experience in strategy, execution and growth of businesses. He manages roll-out of complete digital market approach, and technology stack for all Cyber Media brands. As a digital economy advocate, he has a keen understanding of digital media, marketing, and technology space.

Mr. Rohitasava Chand, aged 75 years is the Non-Executive Director of the Company. He has a bachelor's degree from the IIT New Delhi and an MBA from Katz Graduate School of Business, University of Pittsburgh, USA. He has over 51 years of experience in the Indian Services sector and is well versed with the regulatory framework in India. He has been a serial entrepreneur who has promoted highly successful ventures in the IT, ITES, Education & Financial Services domains.

To conclude, the company's promoters are the main driving force of the company and are very well experienced in the business line. The Non-Executive Directors and Independent Directors are well experienced and might help the company grow with their valuable inputs, though not taking part in day-to-day operations directly.

Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2022
Profit and Loss			
Revenue from operation	3,020.61	2,971.38	5,642.46
Other income	27.43	44.98	35.66
Total Revenue	3,048.04	3,016.36	5,678.12
Expenses	2,956.96	2,831.43	5,322.62
Depreciation and Amortisation Cost	13.05	13.62	26.56
Finance Cost	72.57	102.34	92.62
Total Expenses	3,042.58	2,947.39	5,441.80
PBT	5.46	68.97	236.32
PBT Margin	0.18%	2.32%	4.19%
EBITDA	91.08	184.93	355.50
EBITDA Margin	3.02%	6.22%	6.30%
Net Profit	7.72	66.29	151.30
Net Profit Margin	0.26%	2.23%	2.68%
Balance Sheet			
Total Borrowings	698.90	737.03	971.45
Net Worth	176.33	220.25	366.70
Fixed Assets	30.38	19.22	68.04
Net Working Capital	149.23	319.95	103.32
Financial Measures			
Inventory Turnover Ratio	-	-	-
Receivables Turnover Ratio	5.10	5.46	6.03
Payables Turnover Ratio	3.84	3.77	3.46
Fixed Assets Turnover Ratio	99.43	154.60	82.93
Return on Capital Employed	9.91%	17.57%	30.26%
Return on Equity	4.38%	30.10%	41.26%
Debt-Equity Ratio	3.96	3.35	2.65

(The data has been taken and calculated from the financials given in the prospectus)

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

The EBITDA of the company has grown from Rs. 91.08 lacs in 2020 to Rs. 355.50 lacs in 2022 growing at a CAGR of 97.56%. The EBITDA margin in 2020 was 3.02%, 6.22% in 2021 and 6.30% in 2022. The growth of 97.56% in EBITDA is not sustainable and is extra-ordinary.

Net Profit

The net profit of the company has grown from Rs. 7.72 lacs in 2020 to Rs. 151.30 lacs in 2022 at a CAGR of 342.70%. The net profit margin in 2020 was 0.26%, 2.23% in 2021 and 2.68% in 2022. The growth of CAGR of 342.70% is once again super-normal and the sustainability of the same is in question. The profit margin in 2021 has also increased substantially from the levels of 2020.

Finance Cost.

The company has incurred finance cost mainly on the secured short term borrowings and long term loans availed from the banks.

Financial Measures/Ratios

RoCE of the company in 2022 was 30.26% vs 17.57% in 2021 and 9.91% in 2020. The RoCE has increased due to significant rise in the operating profits of the company. With the increase in Equity capital through IPO and repayment of term loans, the RoCE is expected to remain at the same levels.

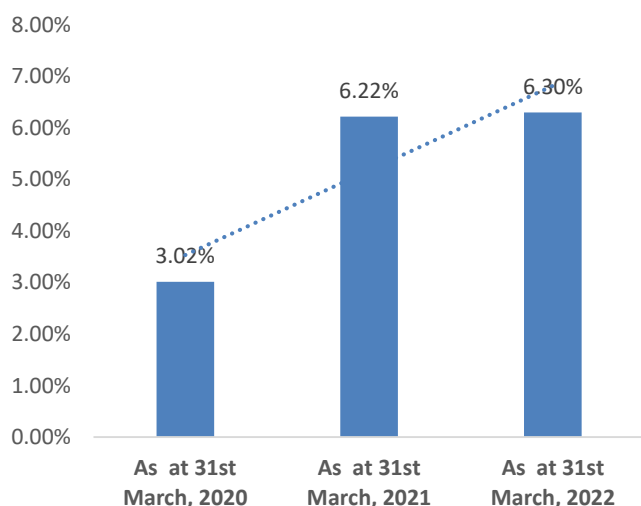
ROE of the company up in 2022 was 4.38%, 30.10% in 2021 and 41.26% in 2020. The sudden increase in net profit in the year 2021 attributed towards such jump in ROE. The analysis and prediction of the same can be set forth as that of RoCE.

The company has not able to effectively maintain its Receivable Payables as evident from the turnover ratios.

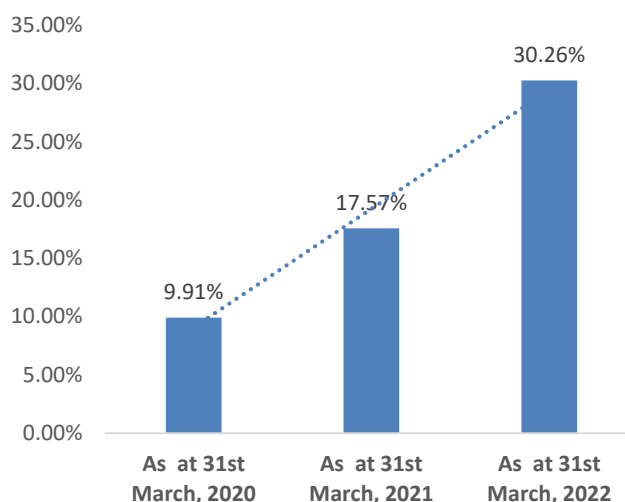
The company has a debt-equity ratio of 2.65 times in FY 22. The debt-equity has come down despite of increase in loans due to increase in profits in the recent years.

Financial Charts

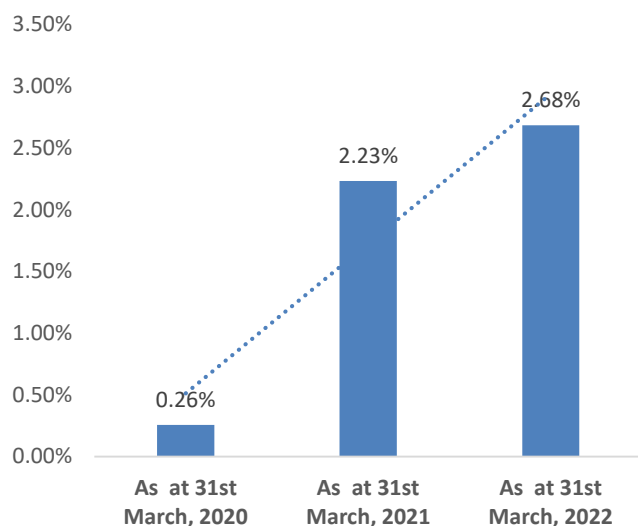
EBITDA Margin



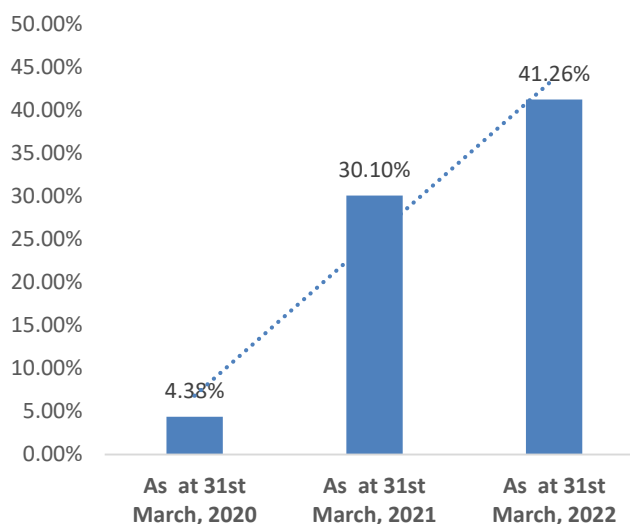
Return on Capital Employed



Net Profit Margin



Return on Equity



Key Risk Factors

1. Company and Group Company are involved in certain litigations including tax related litigations totalling to an amount of Rs. 1,919.63 lacs, which if determined against them, can affect financial conditions of the company.
2. **The promoter of the company has been involved in default of payments and SBI has also declared a Non-Performing Assets on one of the promoters' loan in 2013.**
3. The shares of the promoter company were suspended from being traded on the BSE and NSE due to Default in Payment of Annual Listing Fees and also incurred loss in previous years.
4. More than 80% of the company's revenue comes from its top 10 customers.
5. The auditor of the company has reported a qualification in respect to matters specified in the Companies (Auditors Report) Order, 2016, as amended, in the annexure to their audit reports for fiscal 2019 that the Company has undisputed amounts payable in respect of the TDS amounting Rs. 69.99 Lakhs, Labour Welfare amounting Rs. 0.99 Lakhs and GST amounting Rs. 93.52 Lakhs were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable. In addition to above for fiscal 2021 that the Company has undisputed amounts payable in respect of the TDS amounting Rs. 30.15 Lakhs, were in arrears as at March 31, 2021 for a period of more than six months from the date on when they become payable.

Track Record of Lead Manager

The lead manager to the issue is Swastika Investmart. A table has been set below highlighting the details of the IPO of some of the companies handled by the Lead Manager in recent times –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP#
1	Inflame Appliances Ltd	6.48	54/-	16-03-2018	479.00
2	Ridings Consulting Engineers India Ltd	6.22	18/-	26-03-2018	8.50
3	Indo US Bio-Tech Limited	7.29	51/-	11-05-2018	97.00
4	Megastar Foods Limited	8.04	30/-	24-05-2018	195.55
5	Bright Solar Limited	19.44	36/-	09-07-2018	5.35
6	Synergy Green Industries Limited	26.46	70/-	21-09-2018	148.00
7	Aartech Solonics Limited	7.21	34/-	27-03-2019	38.95
8	Richa Info Systems	10.00	125/-	21-02-2022	115.95
9	Evoq Remedies Limited	9.72	27/-	30-03-2022	15.57
10	Sonu Infratech Limited	8.64	36/-	13-05-2022	37.75

#CMP is taken as on 26th September 2022

Out of the last three listings, 1 opened at discount, 1 at par, and 1 at a premium of 4.17%

Recommendation

The company was established in the year 1996 and has good experience in the business line it currently operates. The industry has a very good prospect and is in a sweet spot with continuous improvements.

The revenue of the company was stagnant in 2021 due to pandemic but has rebounded strongly to around Rs. 56 crores in 2022. However, the operating and net profit margins have shown substantial and supernormal growth.

The management of the company has a good outlook with promoters and directors being well qualified and experienced. **But the promoter of the company has a history of default and also the company promoter's trading had been halted in NSE and BSE. The auditor had qualified the report in FY 2019. Also the company has a contingent liability towards corporate governance of around Rs. 850 lakhs.**

The company has also been offering the shares for sale.

To conclude, the industry is good as well the product/service base of the company. But the history of the promoter, company promoter and other such factors leads to skipping the IPO and one **must avoid**.

Disclaimer

We are not SEBI registered and not a certified Research Analyst. The information provided here is for education purposes only. We will not be responsible for any of your profit/loss with these suggestions. Consult your financial advisor before taking any decisions.

We believe an SME company needs 2-3 years to show its true potential and therefore our recommendations are for Long-term investment and not for listing gains.