



IPO Details

Opening Date	Oct 31, 2022
Closing Date	Nov 3, 2022
Stock Exchange	BSE SME
Lot Size	4000 Shares
Issue Price	₹ 30 per share
Issue Size	17,00,000 Equity Shares
Application Amount	₹ 1,20,000

IPO Objective

Funding Working Capital Requirement
General corporate purposes.

Pre-Issue Shareholding

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	49,08,593	99.61%
Public	19,250	0.39%

Promoter of the Company

- 1 Mr. Akhilesh Chaturvedi
- 2 Mr. Dharmesh Chaturvedi
- 3 Mr. Paresh Chaturvedi

Competitive Strengths

- 1 Accreditation with Indian Newspaper Society (INS)
- 2 Experience of Promoters and senior management team
- 3 Customer Satisfaction
- 4 Repeat Customers

Company Background

- Company was established in the year 1999 in Kanpur, Uttar Pradesh.
- Company is engaged in the business of providing advertising agency services offering range of advertising media services consisting of print media, electronic media and outdoor media services which covers advertisement modes such as newspapers, brochures, magazines, television channels, FM channels and display of outdoor hoardings etc.
- Company acts as an intermediary between clients and the media.
- Company's client domain mainly includes corporate clients operating in various business fields.
- As on the date of prospectus, company has 12 employees on its payroll.

Financial Summary

For the Period Ended	(In Lacs)		
	Sep-22	Mar-22	Mar-21
Total Assets	1,728.85	1,370.59	1,193.58
Net Assets	921.95	834.32	725.13
Total Borrowings	218.46	41.13	123.35
Total Revenue	1,466.10	1,877	803.57
Profit After Tax	87.62	109.19	9.77



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Company Overview

Company is engaged in the business of providing advertising agency services offering wide range of advertising media services consisting of print media, electronic media and outdoor media services which covers advertisement modes such as newspapers, brochures, magazines, television channels, FM channels and display of outdoor hoardings etc. Company is an INS (Indian Newspaper Society) accredited Company. Company assists clients in choosing the optimal advertisement channel in accordance with their budget and regional preference, designing of advertisement (through in-house team or third party), negotiating and booking ad space with chosen media agency and ensuring publication of requisite advertisement. Company's client domain mainly includes corporate clients operating in various business fields viz. construction, education, electronics, automobiles, FMCG, jewellery, apparels, insurance, housing, hospital, financial service providers, aviation, Government organizations etc.

Analysis

Being incorporated in the year 1999, the company has great experience in the Advertising industry. Company's business model includes acting as a mediator between media agencies and their clients. Company's primary sources of revenue are –

1. Print Media

Print Media covers advertisements in a printed medium such as a newspaper, magazine, or trade journal. This encompasses everything from media with a very broad readership base, such as a major national newspaper or magazine, to more narrowly targeted media such as local newspapers and trade journals

2. Electronic Media

FM is the primary electronic media source in which it operates and offer advertisement services. It also offers services relating to TV advertisements.



3. Outdoor Media

Signboards and hoardings are the primary outdoor advertising media source in which it operates and offer advertising services.

The company has shown some super-normal growth in its top line where the Revenue from Operations in FY 21 was Rs. 758.58 lacs and increased to Rs. 1,868.31 lacs in FY 22. Also up to 30th September 2022, the Revenue from Operations has already been 1,458.33 lacs.

The major source of revenue for the company has been Print Media which contributed around 88% of sales followed by Outdoor and Electronic Media which contributed around 10 % of sales up to September 2022.

To conclude, the company is mainly into advertising services which is highly fragmented and competitive in nature. The industry after a dip due to pandemic has rebounded back and is expected to grow. So, if the company can overcome the problem of high competition, with its experience it could fare well in the coming times.



Industry Charts

Exhibit 1: Growth of The Indian Ad Industry

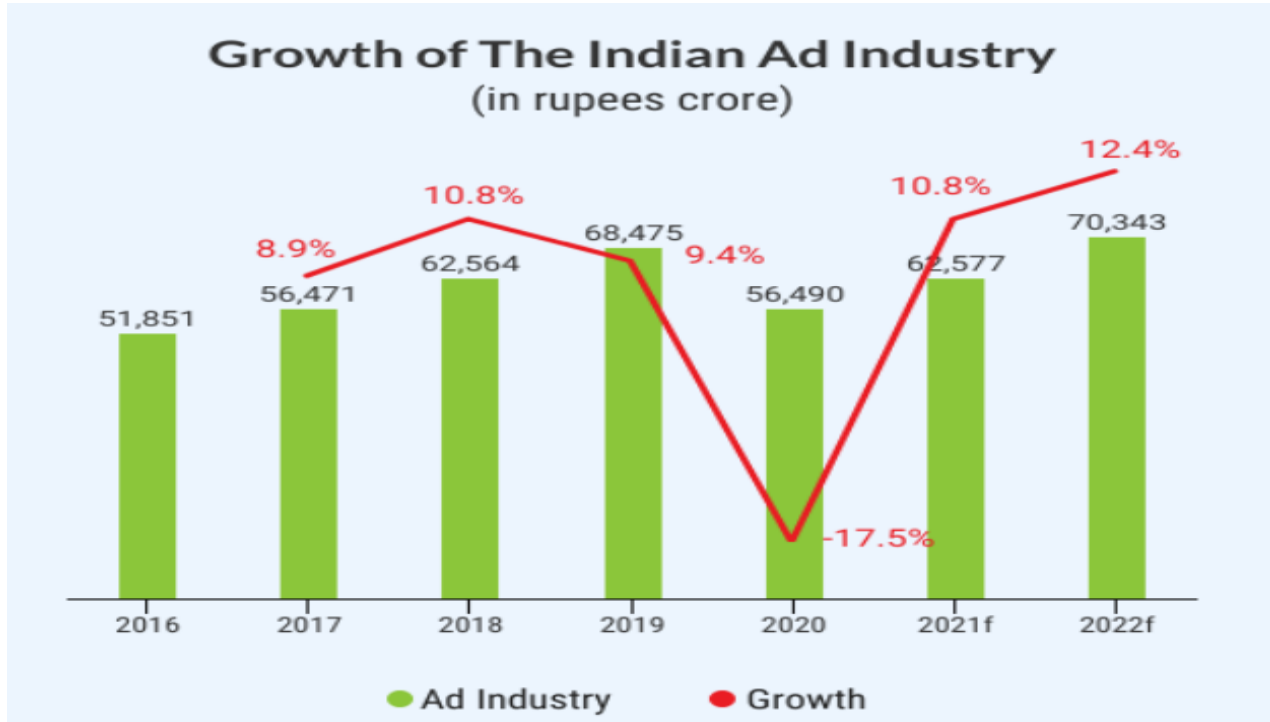
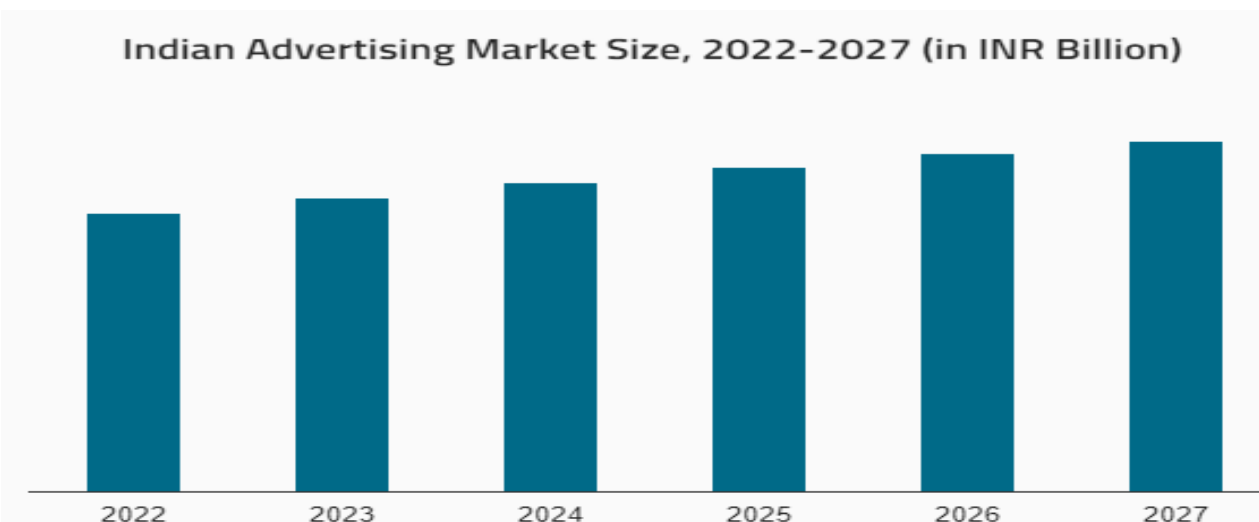


Exhibit 2: Indian Advertising Market Size



(Source: imarcgroup, statista)



Investment Overview

Indian Advertising Industry

India's advertising industry plays an important role, like in other world markets, in shaping sentiments towards products and services in the minds of its consumers. The brand recall for several companies over the decades has hung solely on the balance of their advertisements. From the "utterly, butterly delicious" Amul cartoon girl, to Vodafone's 91 Zoozoos, and being a Complan boy/girl, among numerous other tag lines that are synonymous with specific consumables, it comes as no surprise that the country has one of the most successful ad markets in the world.

India has one of the fastest-growing advertising industries, recording just under 750 billion Indian rupees in revenues in 2021, indicating a speedy recovery since the pandemic. A high share of television ownership across the country made it the leading source of revenues for ads, having long overtaken print. Television in India remains the booming source for ads among traditional media – thanks mostly to a sustained love for daily soaps, reality shows, movies, and cricket in particular.

Digital advertising in India has seen tremendous growth in recent years. Propelled by the Digital India initiative and the rapid adoption of smartphones with the availability of cheap data, mobile ads made up the largest share within this segment. Other catalysts included the decreasing urban-rural gap, enabling a more homogenous reach of all online content. Social media made up the highest share in terms of format for ads in this category, followed by paid search. With the highest levels of online video consumption among digital users in the country, the outlook for growth remained optimistic.

Despite digital media overtaking print in terms of advertising revenue, the latter continued to retain an integral position for ads even with one of the slowest growth rates. This was probably also complemented by the continuing morning routine of reading newspapers along with the first cup of chai in many households. However, the surge in production costs coupled with the digitization of several publications predict a rocky future for the country's massive print industry. Among other traditional segments, radio advertising has also witnessed a dwindling share in ad expenditure. Meanwhile, this segment's ad revenue trajectory indicates a



painstakingly slow recovery amounting to just over 20 billion Indian rupees by 2024.

The fast-moving consumer goods market contributed the most in terms of ad spends in India. E-commerce recorded the highest growth rates compared to other categories. Cricket seasons, specifically the Indian Premier League, make for special competition between brands, putting forth their best and brightest scripts and copies. Celebrity endorsements play a major role in all formats, regardless of ad category or month of the year. Additionally, cultural festivals, especially centred around the Diwali season lead to a surge in sales every year, ensuring a wave of new ads. It remains to be seen, however, if and how much the coronavirus (COVID-19) pandemic will impact the market in the medium and long term, affecting businesses and the market overall

(Source: Prospectus)



Addressable Market for DAPS Advertising Limited

With advertising as its main operations, the company can cover PAN India as well as globally. The company's primary source of revenue is Print Media, but as mentioned in the prospectus the company aims to shift to other type of advertising media in coming times which would help their clients to have a greater reach.

Competition

Company operates in a highly competitive environment. The industry is highly fragmented and the bargaining power of the company is low. Advertising industry has a low entry barrier which makes the threat of new entrants very high. The capital requirement is also not very high which makes the competition more intense.

Peer Analysis

As Mentioned in the prospectus, the company has 2 peers viz. Vertoz Advertising Limited and Pressman Advertising Limited. A summary on key figures as compared to these companies is given in the table below –

Company	DAPS Advertising Limited	Vertoz Advertising Limited	Pressman Advertising Limited
Net Profit (INR Cr)	1.09	6.1	4.51
EBITDA (INR Cr)	1.80	12.04	5.41
Return on Capital Employed	19.54%	14.83%	12.47%
Return on Equity	9.50%	10.57%	10.54%
EPS (INR)	2.11	5.10	1.92
P/E* (Times)	14.22	21.12	26.76

Post-IPO Basis

***As on 25/10/2022**

Promoters' Profile and Management Analysis

Mr. Akhilesh Chaturvedi



- **Mr. Akhilesh Chaturvedi** is the Promoter, Chairman and Whole Time Director of the Company.
- He has completed his Bachelor of Commerce from University of Kanpur in the year 1987.
- He has more than 20 years of experience in the advertisement industry.
- He currently oversees and controls the business development & marketing function of the Company along with ad designing.

Mr. Dharmesh Chaturvedi



- **Mr. Dharmesh Chaturvedi** is the Promoter and Managing Director of the Company.
- He has completed his Bachelor of Commerce from University of Kanpur in the year 1990.
- He has more than 20 years of experience in the advertisement industry.
- He is involved in the overall administration and HR Management of the Company along with business development & marketing.

Mr. Paresh Chaturvedi



- **Paresh Chaturvedi** is the Promoter, Whole Time Director and Chief Finance Officer of the Company.
- He has completed his Bachelor of Commerce from University of Kanpur in the year 1992.
- He has more than 20 years of experience in the advertisement industry.
- He is entrusted with the responsibility to look after Accounts, Legal and Secretarial Compliance function of the Company.



Analysis on the Company's Promoter and Board of Directors

Akhilesh Chaturvedi, aged 53 years, is the Promoter, Chairman and Whole Time Director of the Company. He has completed his Bachelor of Commerce from University of Kanpur in the year 1987. He has more than 20 years of experience in the advertisement industry. He has been on the Board of the Company since incorporation.

Dharmesh Chaturvedi, aged 52 years, is the Promoter and Managing Director of the Company. He has completed his Bachelor of Commerce from University of Kanpur in the year 1990 and has more than 20 years of experience in the advertisement industry. He has been on the Board of the Company since incorporation.

Paresh Chaturvedi, aged 50 years is the Promoter, Whole Time Director and Chief Finance Officer of the Company. He has completed his Bachelor of Commerce from University of Kanpur in the year 1992 and has more than 20 years of experience in the advertisement industry. He has been on the Board of the Company since incorporation.

Srishti Chaturvedi, aged 27 years is the Non-Executive Director of the Company. She has completed her Bachelor of Commerce from Chhatrapati Shiva Ji Maharaja University, Kanpur in the year 2014. She has completed the Mutual Funds: A Beginners Modules from NSE Academy's Certification in Financial Market (NCFM), Mumbai in the year 2018 and She has passed the Professional Competence Examination conducted by The Institute of Company Secretary of India in year 2018 and The Institute of Chartered Accountant of India in year 2019. She has an experience of around 4 years in the advertising industry.

Anshuman Chaturvedi, aged 35 years is the Non-Executive Independent Director of the company. He has passed the Professional Competence Examination conducted by The Institute of Company Secretaries of India, in the year 2016 and he is Fellow Member of The Institute of Company Secretaries of India.

Akanksha Sunny Bilaney, aged 34 years is the Non-Executive Independent Director of the Company. She has passed the Professional Competence Examination conducted by The Institute of Company Secretaries of India in year 2013. She is a member of the Institute of Company Secretaries of India and also holds Certificate



of Practice from the Institute of Company Secretaries of India. She is a founder of firm A.S. Bilaney & Associates. She has an overall experience of around 10 years in handling Company law related compliances.

Amit Bansal, aged 34 years is the Non-Executive Independent Director of the Company. He is member of the Institute of Chartered Accountants of India. He has experience of more than 7 years in accounts and finance field catering to statutory audits, forensic audit, taxation and project financing.

Shivi Rastogi, aged 25 years is the Non-Executive Independent Director of the Company. She has completed her Bachelor of Commerce from Chhatrapati Shivaji Maharaj University of Kanpur. She has passed Intermediate (Integrated Professional Competence) Examination conducted by the Institute of Chartered Accountants of India in the year 2019. She has an experience of more than 4 years in the Tax Consultancy and Internal and Stock Audit of various industry.

To conclude, the promoters of the company are quite experienced in the advertising industry. The Non-Executive Directors and Independent Directors are also experienced and might help the company grow with their valuable inputs, though not taking part in day-to-day operations directly. **Akhilesh Chaturvedi** oversees and controls the business development & marketing function, **Dharmesh Chaturvedi** is involved in the overall administration and HR Management, **Paresh Chaturvedi** looks after Accounts, Legal and Secretarial Compliance function of the Company.



Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2021	As at 31st March, 2022	As at 30th Sep, 2022
Profit and Loss			
Revenue from operations	785.58	1,868.31	1,458.33
Other income	17.99	8.69	7.77
Total Revenue	803.57	1,877.00	1,466.10
Expenses	756.36	1,687.93	1,337.70
Depreciation and Amortisation Cost	14.13	14.17	8.75
Finance Cost	19.77	28.97	2.44
Total Expenses	790.26	1,731.07	1,348.89
PBT	13.31	145.93	117.21
PBT Margin	1.69%	7.81%	8.04%
EBITDA	29.22	180.38	120.63
EBITDA Margin	3.72%	9.65%	8.27%
Net Profit	9.77	109.19	87.62
Net Profit Margin	1.24%	5.84%	6.01%
Balance Sheet			
Total Borrowings	123.35	41.30	218.46
Net Worth	725.13	834.32	921.95
Fixed Assets	132.28	133.58	151.96
Net Working Capital	645.84	717.23	792.22
Financial Measures			
Inventory Turnover Ratio	-	-	-
Receivables Turnover Ratio	1.13	2.18	1.61
Payables Turnover Ratio	2.07	3.55	2.34
Fixed Assets Turnover Ratio	5.94	13.99	9.60
Return on Capital Employed	2.32%	19.54%	10.44%
Return on Equity	1.35%	13.09%	9.50%
Debt-Equity Ratio	0.17	0.05	0.24

(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. 29.22 lacs in 2021 to 180.38 lacs in 2022 and 120.63 lacs up to September 2022 which if annualised would be around 241.26 lacs growing at a CAGR of 187.34%. The EBITDA margin in September 2022 was 8.27%, 9.65% in 2022 and 3.72% in 2021 showing supernormal growth just before the IPO, raising eyebrows.

Net Profit

The net profit of the company has grown from Rs. 9.77 lacs in 2021 to Rs. 109.19 lacs in 2022 and 87.62 lacs up to September 2022 which if annualised would be around 175.24 lacs growing at a CAGR of 323.52%. The net profit margin of the company was 1.24% in 2021, 5.84% in 2022 and 6.01% up to September 2022 which like EBITDA shows an extra-ordinary growth in the bottom line and the same seems to be unsustainable.

Finance Cost.

The company has incurred finance cost mainly towards the short-term and long-term facilities availed from the Banks.

Financial Measures/Ratios

RoCE of the company was 2.32% in 2022 vs 19.54% in 2021 and 10.44% up to September 2022 which if annualised would be around 14.54%. The RoCE has increased because of substantial increase in EBIT. Such a growth in operating profit is not expected in future and also with new capital being introduced via IPO, RoCE is expected to decrease.

ROE of the company in 2022 was 13.09% vs 1.35% in 2021 and 9.50% up to September 2022 which if annualised would be around 11.53%. The growth in the ROE of the company has been attributed to substantial increase in the net profit of the company. The analysis and forecast of the same can be set forth as that of RoCE.

Regarding the Receivables and Payables management, the company has to be more effective.



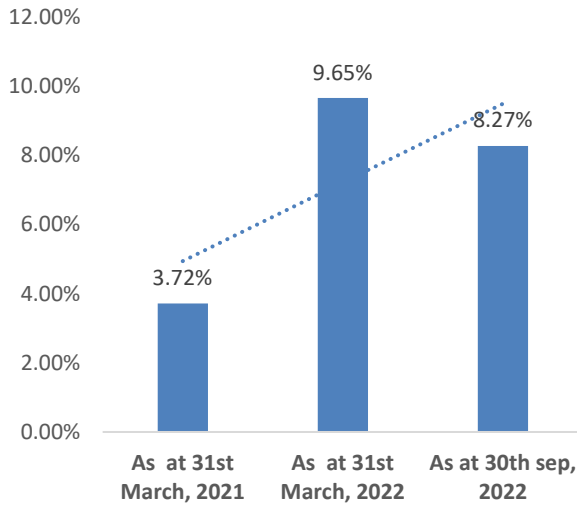
The company has debt-equity ratio of around 0.24 times. The company has been constantly maintaining the ratio at around this range and in future we believe it to be the same looking at the debt structure of the company in past 3 years.



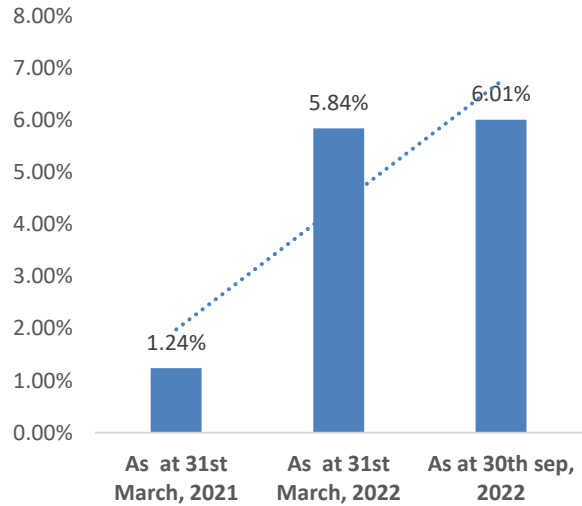
Financial Charts

***The charts have not been annualised**

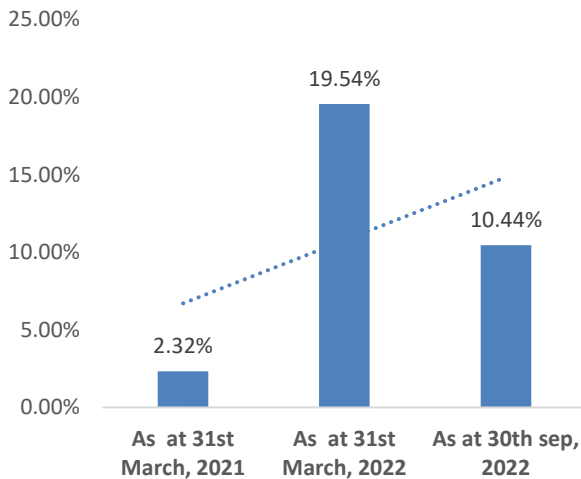
EBITDA Margin



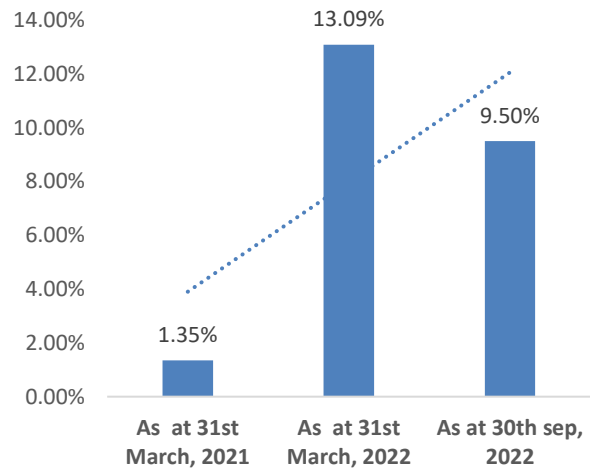
Net Profit Margin



Return on Capital Employed



Return on Equity





Key Risk Factors

1. Company and Group Company are involved in certain legal proceedings which are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate authorities including tax related 12 litigations totalling to an amount of Rs. 3.23 lacs, which if determined against them, can affect financial conditions of the company.
2. Significant portion of the revenue comes from print media advertisement business, which is dependent on newspaper industry. For the period ended September 30, 2022 and for the financial year ended 2022, 2021 and 2019, the revenue from print media advertisement business constituted 88.57%, 91.07%, 5.74% and 3.11%, respectively of revenue from operations.
3. Loan agreements with various lenders have several restrictive covenants and certain unconditional rights in favour of the lenders, an aggregate of Rs. 217.43 lakhs were outstanding towards loans availed from banks and financial institutions as on 30th September 2022.
4. Company's top 5 customers contributed 74.72%, 63.57%, 37.22% and 57.00% of the revenues for the period ended September 30, 2022 and for the year ended March 31, 2022, 2021 and 2020, respectively.



Track Record of Lead Manager

The lead manager to the issue is Shreni Shares Private limited and the previous issue details have been taken from the Prospectus. 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	Listing date	CMP#
1.	Cospower Engineering Limited	2.04	51.00	March 30,2020	142.00
2.	KSolves India Limited	4.02	100.00	July 6, 2020	440.25
3.	Bodhi Tree Multimedia Limited	3.70	95.00	October 21, 2020	58.85
4.	Shine Fashions (India) Limited	1.60	40.00	November 2 2020	34.95
5.	Adjia Technologies Limited	2.00	74.00	March 15,2021	24.50
6.	Getalong Enterprise Limited	5.18	69.00	October 08, 2021	58.10
7.	DMR Hydroengineering & Infrastructures Limited	2.09	21.00	December 07, 2021	37.00
8.	Alkosign Limited	12.15	45.00	February 01, 2022	60.10
9.	Quality RO Industries Limited	2.70	51.00	February 09, 2022	49.00
10.	Ekennis Software Service Limited	2.88	72.00	March 07, 2022	151.20
11.	Fidel Softech Limited	13.50	37.00	June 10, 2022	63.00
12.	SKP Bearings Limited	30.80	70.00	July 13, 2022	187.10
13.	Olatech Solutions Limited	1.89	27.00	August 29, 2022	82.00
14.	Ameya Precision Engineers Ltd	7.14	34.00	September 08, 2022	51.55

#CMP is taken as on 25th October 2022

This is the 14th IPO of the Lead Manager, out of the last 10 listings, all opened at premium.



Recommendation

Being incorporated in the year 1999, the company has a good track record of existence. The company is into advertising media and is serving its client in choosing the optimal advertisement channel in accordance with their budget and regional preference, designing of advertisement (through in-house team or third party), negotiating and booking ad space with chosen media agency and ensuring publication of requisite advertisement.

The profit margins of the company have shown some super-normal growth in these years raising a matter of concern.

The business is a family business and the promoters have more than 2 decades of experience in the advertising industry.

If we take into consideration the figures of 31st March 2022, the company is getting listed at a PE of around 14 times while the average PE of its listed peers is around 24 times making it a fairly priced IPO.

To conclude, the company has a good experience in the market segment, the promoters of the company have good experience. But the profit margins have grown extra-ordinarily in these years despite of a competitive market. Considering these factors, we have a **neutral** view on the IPO



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 the profit/loss with these suggestions. Consult the financial advisor before taking any decisions.

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