



## IPO Note

# Toss the Coin Limited

Recommendation: **AVOID!**

### Company Background -

- **Incorporation:** Incorporated in 2020, Toss the Coin Limited's registered office is located in Chennai, Tamil Nadu.
- **Business Activity:** The Company offers marketing consulting services for B2B Tech Companies. They have experience working with multiple technology organizations, big and small, to craft their GTM strategies from branding, content development, designs, websites, social media campaigns, customer success management, and design thinking-based problem-solving workshops to consulting.
- **Revenue Stream:** The top three revenue contributors in FY24 were **CMO Office** (₹330.79 lakhs, 68.04%), **Sales Enablement** (₹199.56 lakhs, 41.05%), and **GTM Office** (₹26.16 lakhs, 5.38%). For period ended Sep FY24, **GTM Office** dominated with ₹263.7 lakhs (60.53%), followed by **CMO Office** (₹161.78 lakhs, 37.13%) and **Sales Enablement** (₹83.95 lakhs, 19.27%).
- **Human Resource:** As of September 30, 2024, the company has 43 employees on its payroll.

### Objects of the Issue -

- Funding capital expenditure for Development of Microservices Application.
- Funding capital Expenditure for opening New Offices
- Funding Working Capital Requirement of the company.
- General Corporate Purposes

### Promoters Name -

Narayanan Jayan, Reshma Budhia and Sudhanshu Budhial

### Rationale for recommendation -

- ✓ Overvalued P/E
- ✓ Falling return Margins.
- ✓ Volatile PAT and EBITDA Margins.
- ✓ Highly competitive industry.
- ✓ Post-Issue Promoter share is less.

### IPO Details

|                       |                          |
|-----------------------|--------------------------|
| Opening Date          | Dec 10, 2024             |
| Closing Date          | Dec 12, 2024             |
| Allotment Date        | Dec 13, 2024             |
| Listing Date          | Dec 17, 2024             |
| Stock Exchange        | BSE SME                  |
| Lot Size              | 600 Shares               |
| Issue Price Per Share | ₹172 to ₹182 per share   |
| Issue Size            | ₹98.58 Cr.               |
| Fresh Issue           | ₹98.58 Cr.               |
| Offer for Sale        | -                        |
| Application Amt       | ₹1,32,800 (1,600 shares) |

| KPI's      | KPIs (In Lakhs) |        |        |        |
|------------|-----------------|--------|--------|--------|
|            | FY 22           | FY 23  | FY 24  | Sep-24 |
| Revenue    | 297.33          | 478.35 | 486.19 | 435.68 |
| EBITDA     | 142.17          | 240.00 | 144.81 | 220.80 |
| Net Profit | 104.98          | 178.28 | 109.85 | 116.14 |
| RoCE       | 72.36%          | 64.79% | 30.86% | 43.12% |
| ROE        | 55.12%          | 49.36% | 24.64% | 23.28% |
| P/E        | 24.04           | 14.15  | 22.95  | 10.86  |

\*Annualized

### Promoter Share Holding Pattern

|           |            |
|-----------|------------|
| Pre-Issue | Post-Issue |
| 80.00%    | 58.67%     |

| Particulars     | Valuation Parameters |             |
|-----------------|----------------------|-------------|
|                 | Pre-Issue            | Post Issue* |
| EPS             | 7.93                 | 5.81        |
| BVPS            | 353.85               | 62.01       |
| P/E             | 22.95                | 31.31       |
| P/BV            | 0.51                 | 2.93        |
| Mkt Cap (In Cr) | 25.23                | 34.40       |

\*Annualized

### Lead Managers -

**Beeline Capital Advisors Pvt Ltd**

### Registrar -

**Link Intime India Private Ltd**

## Business Overview

Toss the Coin Limited is a marketing consulting firm offering tailored go-to-market strategies, branding, lead generation, and communication services. The company empowers businesses with innovative, creative, and sustainable marketing operations to boost growth and competitive differentiation.

| Service           | Description   |
|-------------------|---|
| CMO Office        | This retainer model CMO office provides strategic consulting and shared marketing resources to small and medium enterprises   |
|                   | <p><b>Strategic Consulting:</b> A service where experts provide high-level advice and frameworks to help businesses develop and execute effective strategies to achieve long-term goals.</p> <p><b>Fractional Marketers:</b> Marketing professionals who offer their expertise on a part-time or contract basis, providing businesses with flexible and scalable marketing support.</p> <p><b>Marketing Operations:</b> The function responsible for managing and optimizing marketing processes, technology, and data to improve efficiency, accountability, and overall performance of marketing efforts.</p> <p><b>Content Office:</b> A dedicated team or department within an organization focused on creating, managing, and distributing high-quality content to engage target audiences and support marketing objectives.</p> |
| GTM Office        | Go-to-market services that are offered to clients as short-term projects  |
|                   | <p><b>Branding:</b> The process of crafting a distinct identity for a product, service, or company, including elements like name, logo, and messaging, to create a memorable and positive perception among consumers.</p> <p><b>Website Design &amp; Development:</b> The practice of creating and constructing websites, involving the aesthetic design, user experience planning, and technical implementation to ensure functionality and accessibility across devices.</p> <p><b>GTM Solution:</b> A comprehensive Go-to-Market strategy that outlines how a company will deliver its product or service to the market, targeting the right customers, utilizing appropriate channels, and achieving business goals.</p>  |
| Sales Enablement  | This team works with the sales team at client office for providing bellow given services.   |
|                   | <p><b>Demand Generation:</b> Marketing activities focused on creating awareness and interest in a company's products or services to drive customer acquisition and revenue growth.</p> <p><b>CoE for RFP Management:</b> A Center of Excellence (CoE) for Request for Proposal (RFP) Management is a specialized team that develops best practices and provides expertise to streamline and optimize the RFP response process, enhancing the chances of winning bids.</p> <p><b>Performance Marketing:</b> A results-driven marketing approach where advertisers pay based on specific actions taken by users, such as clicks, leads, or sales, emphasizing accountability and measurable outcomes.</p>   |
| Design Outcomes   | Bespoke design studio. Under this studio they offer all kinds of graphics and video services.   |
|                   | <p><b>Presentation Enhancement:</b> The process of improving the visual and communicative aspects of presentations to make them more engaging, clear, and impactful for the audience.</p> <p><b>Graphic Designing:</b> The art and practice of creating visual content using typography, imagery, and layout techniques to convey messages and ideas effectively.</p> <p><b>Video Production:</b> The process of planning, filming, editing, and finalizing video content for various purposes, including marketing, entertainment, and education.</p> <p><b>3D Designing:</b> The creation of three-dimensional digital models using specialized software, which can be used for visualization, animation, and virtual simulations in various industries</p>   |
| Internal Branding | This is the CMO office for major GCC (Global Capability Center) players in India.   |
|                   | <p><b>Corporate Communications:</b> The dissemination of information from an organization to its stakeholders, including employees, investors, and the public, to build and maintain a positive image.</p> <p><b>Employer Branding:</b> The strategy and efforts undertaken by a company to promote itself as an attractive place to work, enhancing its reputation among current and potential employees.</p>  |

**Employee Engagement:** The emotional and professional commitment of employees to their organization, often reflected in their motivation, productivity, and willingness to go above and beyond their job responsibilities.

**Training & Workshops:** Structured programs designed to develop employees' skills and knowledge through instruction and interactive activities, fostering professional growth and performance improvement.

**Kathai AI Solutions**

Dedicated AI-based internal API (Application Programming Interface) production vertical.

**Special AI-led microservices:** Distinct, autonomous services powered by artificial intelligence that perform specific, narrowly defined tasks within a larger system architecture, enhancing efficiency, scalability, and functionality through intelligent automation and data-driven decision-making.

**Business Strategy**

- Niche Specialization:** Focus on the B2B technology sector, leveraging founders' 47+ years of combined experience and frameworks designed specifically for tech organizations. This allows for a tailored and industry-specific approach.
- Customer Maturity Radar Framework:** Development and implementation of a proprietary framework to build effective marketing organizations for clients, ensuring scalable and sustainable growth strategies.
- Design Thinking and Value Propositions:** Expertise in design thinking-led methodologies and value-based frameworks, enabling the creation of impactful content and marketing collaterals.
- Customization and Personalization:** A client-first approach that adapts to varied maturity levels and industry verticals such as retail, BFSI, SaaS, and oil & gas.
- Track Record of Success:** Proven history of achieving measurable results, reflected in a 100% referenceable client base, with case studies showcasing business growth and ROI improvements.

**Strategic Analysis of Business Strategies**

- Strong Differentiation:** Specialization in the B2B tech niche sets the company apart, reducing competition and enhancing perceived expertise but focusing heavily on B2B technology may restrict expansion opportunities into other lucrative sectors.
- Sector Expertise:** Decades of experience in technology marketing and partnerships bolster credibility, creating a competitive edge in a specialized market however Customization and framework development demand significant resources and expertise, which could challenge scalability.
- High Competition in Content Marketing:** While niche-focused, the broader digital marketing industry is crowded, requiring constant innovation to maintain a leading edge.

**Client Base**

Toss the Coin Limited clients comprise start-ups, SMEs, and large enterprises with presence across US, UK, LATAM, Europe, Middle East, India and Aasia Pacific regions and derives 75.78% of its revenue from its top 10 customers in Sep FY24, up from 73.20% in FY23 and 63.22% in FY22.

They deliver holistic services across industry verticals such as ISVs, Retail, BFSI, Public Sector, O&G, Energy & Utilities, Travel & Hospitality, etc.

Some of the clients in the B2C space are: sustainable fashion & clothing brands, non-tech space, etc.



**Risk Factors –**

The company derives a significant portion of its revenues from a concentrated client base, creating a dependency risk, receiving 75.78% of its revenue from its top 10 customers in Sep FY24, up from 73.20% in FY23 and 63.22% in FY22.

Company faces foreign exchange risk due to the exporting it's services.

## Industry Overview- Infrastructure

### Global Market

#### Market Size and Growth Drivers

The global content marketing industry is valued at approximately **USD 263.09 billion in 2024** and is projected to grow at a **CAGR of 14.75%**, reaching **USD 523.45 billion** by 2029. Growth is driven by increased digital transformation, higher social media usage, and a greater emphasis on targeted marketing strategies. Content marketing's ability to deliver high ROI and adaptability to various platforms enhances its appeal across industries.

Key growth drivers include:

- **Social Media Penetration:** Over a billion people globally access social media platforms, making it a primary channel for audience engagement.
- **Digital Transformation:** Businesses are shifting from traditional to digital platforms, leveraging content marketing to enhance online presence.
- **Omnichannel Marketing:** Companies are focusing on integrating online and offline channels to maximize reach.
- **Mobile Usage:** Rising smartphone adoption fosters content consumption across diverse formats.

#### Geographic Insights

- **Asia-Pacific (APAC):** The region is expected to contribute 38% of the market growth due to rising demand in sectors like automotive, healthcare, and consumer electronics. Countries like China and India play a significant role, driven by increasing smartphone usage and social media consumption.
- **North America and Europe:** Mature markets with a high adoption of innovative content strategies, particularly in B2B and sales enablement-focused industries.

#### Trends and Opportunities

- Interactive content such as polls and quizzes, coupled with AI-driven personalization, is reshaping audience engagement.
- The **post-COVID shift** toward digital-first strategies accelerated the adoption of content marketing.
- Video content and real-time analytics are becoming integral to effective marketing strategies.

### Indian Market

#### Market Potential and Growth Trends

India, the **second-largest market** for internet users, represents significant growth potential for content marketing. With **700+ million active internet users**, India's digital ecosystem is expanding rapidly, fueled by the **Digital India Initiative**.

- The digital marketing market in India is expected to grow from **USD 47 billion (2023)** to **USD 160 billion by 2025** (Goldman Sachs).
- Adoption of social media, AI tools, and omnichannel strategies are key trends shaping the industry.

#### Scope of Digital Marketing in India

The growth of India's content marketing industry is driven by:

- **Social Media Integration:** Companies leverage platforms like Facebook, Instagram, and LinkedIn for cost-effective brand promotion and customer engagement.
- **Government Support:** The **Digital India Initiative** aims to improve internet penetration, creating opportunities for businesses to integrate digital marketing strategies effectively.
- **Video and Mobile Marketing:** India's **1 billion mobile subscribers** spend significant time on video platforms, enhancing the reach of video-based content marketing campaigns.

#### Trends Influencing the Industry

- **AI and Analytics:** AI-driven tools are enabling businesses to tailor customer journeys, optimize content performance, and enhance ROI.
- **Influencer Marketing:** Increasing reliance on influencers to build trust and drive consumer engagement.
- **Omnichannel Strategies:** Seamless integration across platforms ensures consistent customer experiences.

#### Latest Developments

- **Semrush Survey 2022:** Revealed that **58% of marketers** use social media posting tools and **30% utilize content management systems (CMS)** to amplify content marketing efforts.
- **AI Integration:** Tools like chatbots, personalized recommendations, and predictive analytics are redefining digital marketing landscapes.
- **APAC Market Dynamics:** India's robust growth in sectors like healthcare and automotive drives increased content marketing adoption, offering immense potential for B2B and sales-focused enterprises.

**Key Management -**

|                                      |   |
|--------------------------------------|---|
| <b>Key Management Persons Name -</b> | <b>Narayanan Jayan</b>  |
| <b>Age</b>                           | 53  |
| <b>Designation &amp; experience</b>  | Promoter, CEO, Chairman Managing Director and founder with 26 years in marketing industry |
| <b>Qualification</b>                 | Master of Science   |
| <b>Roles &amp; Responsibility</b>    | Policies and strategy   |
| <b>Previous Associations</b>         | CSC India Pvt Ltd and CSS Corp. Pvt Ltd   |

|                                      |  |
|--------------------------------------|--|
| <b>Key Management Persons Name -</b> | <b>Reshma Budhia</b>   |
| <b>Age</b>                           | 43   |
| <b>Designation and experience</b>    | Promoter, Whole-Time Director and Co-founder with 21 years of experience |
| <b>Qualification</b>                 | Bachelor of Science from Bangalore University                            |

|                                      |   |
|--------------------------------------|---|
| <b>Key Management Persons Name -</b> | <b>Sudhanshu Budhia</b>   |
| <b>Age</b>                           | 46  |
| <b>Designation &amp; experience</b>  | Promoter and Non-Executive Director with 25 years of industrial experience in water treatment and air pollution control |
| <b>Qualification</b>                 | Bachelor of Engineering in production engineering   |
| <b>Roles &amp; Responsibility</b>    | Offering insights on efficient resource allocation and financial strategies for sustainable growth.                     |

**Mohan Varghese Mathew** is a 56-year-old Non-Executive and Independent Director of the Company. He was appointed to the Board on May 20, 2024. Mathew holds a Bachelor of Science degree and has 12 years of experience in business management.

**Manish Kumar Gupta**, aged 53, is a Non-Executive and Independent Director of the Company. He was appointed to the Board on May 20, 2024. Gupta holds a Class-I Pre-University Course degree and has 25 years of experience in the paper and packaging industry, as well as overall management.

## FINANCIAL SNAPSHOT

## Statement of Profit and Loss

Amt in Lakhs.

| Particulars                            | FY 22         | FY 23         | FY 24         | Sep-24        |
|--|---------------|---------------|---------------|---------------|
| Revenue from Operations                | 297.33        | 478.35        | 486.19        | 435.68        |
| Other Income                           | 2.52          | 5.12          | 9.34          | 3.00          |
| <b>Total Income</b>                    | <b>299.85</b> | <b>483.47</b> | <b>495.53</b> | <b>438.68</b> |
| <b>Expenses</b>                        |               |               |               |               |
| Employee Benefit Expenses              | 93.51         | 168.85        | 234.98        | 209.25        |
| Finance Cost                           | 0.18          | -             | 0.05          | 0.02          |
| Depreciation and Amortization Expenses | 4.34          | 5.98          | 7.21          | 5.61          |
| Other expenses                         | 61.65         | 69.5          | 106.4         | 68.3          |
| <b>Total Expenses</b>                  | <b>159.68</b> | <b>244.33</b> | <b>348.64</b> | <b>283.18</b> |
| <b>EBITDA</b>                          | <b>142.17</b> | <b>240.00</b> | <b>144.81</b> | <b>220.80</b> |
| <b>EBITDA Margin</b>                   | <b>47.82%</b> | <b>50.17%</b> | <b>29.78%</b> | <b>50.68%</b> |
| <b>Profit/(Loss) before tax</b>        | <b>140.17</b> | <b>239.14</b> | <b>146.89</b> | <b>155.50</b> |
| <b>Tax Expense</b>                     |               |               |               |               |
| Current tax                            | 35.96         | 62.03         | 38.24         | 39.26         |
| Deferred Tax                           | -0.77         | -1.17         | -1.2          | 0.10          |
| <b>Total Tax</b>                       | <b>35.19</b>  | <b>60.86</b>  | <b>37.04</b>  | <b>39.36</b>  |
| <b>Profit/(Loss) for the year</b>      | <b>104.98</b> | <b>178.28</b> | <b>109.85</b> | <b>116.14</b> |
| <b>Net Profit Margin</b>               | <b>35.31%</b> | <b>37.27%</b> | <b>22.59%</b> | <b>26.47%</b> |

## Statement of Assets and Liabilities

Amt in Lakhs.

| Particulars  | FY 22         | FY 23         | FY 24         | Sep-24        |
|--|---------------|---------------|---------------|---------------|
| <b>EQUITY AND LIABILITIES</b>                            |               |               |               |               |
| <b>1. Shareholders' funds</b>                            |               |               |               |               |
| Share Capital  | 12.6          | 12.6          | 12.6          | 138.6         |
| Reserves and surplus                                     | 177.87        | 348.6         | 433.25        | 360.39        |
| <b>Total Equity</b>                                      | <b>190.47</b> | <b>361.20</b> | <b>445.85</b> | <b>498.99</b> |
| <b>2. Non-current liabilities</b>                        |               |               |               |               |
| Long-term provisions                                     | 0.01          | 0.01          | 0.02          | 0.02          |
| <b>Total Non-current liabilities</b>                     | <b>0.01</b>   | <b>0.01</b>   | <b>0.02</b>   | <b>0.02</b>   |
| <b>3. Current liabilities</b>                            |               |               |               |               |
| Short Term Borrowings                                    | -             | -             | -             | 0.15          |
| Trade Payables   |               |               |               |               |
| (i) Total outstanding dues of MSME                       | -             | -             | -             | -             |
| (ii) Total outstanding dues of creditors other than MSME | 0.38          | -             | -             | 1.56          |
| Other Current Liabilities                                | 15.1          | 23.24         | 24.96         | 49.12         |
| Short-term provisions                                    | 37.45         | 65.95         | 44.64         | 45.65         |
| <b>Total Current liabilities</b>                         | <b>52.93</b>  | <b>89.19</b>  | <b>69.60</b>  | <b>96.48</b>  |
| <b>Total Liabilities</b>                                 | <b>52.94</b>  | <b>89.20</b>  | <b>69.62</b>  | <b>96.50</b>  |
| <b>Total Equity and Liabilities</b>                      | <b>243.41</b> | <b>450.40</b> | <b>515.47</b> | <b>595.49</b> |
| <b>ASSETS</b>  |               |               |               |               |
| <b>1. Non-current assets</b>                             |               |               |               |               |
| Property, Plant & Equipment                              | 5.56          | 14.3          | 12.19         | 28.14         |
| Deferred Tax Assets (Net)                                | 0.82          | 1.99          | 3.19          | 3.09          |
| Other Non-current Assets                                 | 0.02          | 0.02          |               | 0.2           |
| <b>Total Non-Current assets</b>                          | <b>6.40</b>   | <b>16.31</b>  | <b>15.38</b>  | <b>31.43</b>  |
| <b>2. Current assets</b>                                 |               |               |               |               |
| Trade Receivables  | 45.91         | 71.49         | 112.34        | 167.47        |
| Cash & Cash equivalents                                  | 153.08        | 273.69        | 323.14        | 323.48        |

| Particulars                   | FY 22         | FY 23         | FY 24         | Sep-24        |
|-------------------------------|---------------|---------------|---------------|---------------|
| Short term loans and advances | 2.1           | 13.91         | 11.15         | 13.89         |
| Other Current Assets          | 35.92         | 75.00         | 53.46         | 59.22         |
| <b>Total Current assets</b>   | <b>237.01</b> | <b>434.09</b> | <b>500.09</b> | <b>564.06</b> |
| <b>Total Assets</b>           | <b>243.41</b> | <b>450.40</b> | <b>515.47</b> | <b>595.49</b> |

**Cash Flow Statement**

Amt in Lakhs.

| Particulars                             | FY 22 | FY 23  | FY 24  | Aug 24 |
|---|-------|--------|--------|--------|
| Net Cash Flow from Operating Activities | 86.14 | 138.86 | 70.43  | 81.96  |
| Net Cash Flow from Investing Activities | -2.14 | -10.67 | 4.25   | -18.77 |
| Net Cash Flow from Financing Activities | -3.96 | -7.56  | -25.25 | -62.87 |

**Key Ratios**

| <u>Per Share Data</u>   | FY 22  | FY 23  | FY 24  | Aug 24 |
|-------------------------|--------|--------|--------|--------|
| Diluted EPS             | 7.57   | 12.86  | 7.93   | 16.76  |
| BV per share            | 151.17 | 286.67 | 353.85 | 84.56  |
| <u>Operating Ratios</u> |        |        |        |        |
| EBITDA Margins          | 47.82% | 50.17% | 29.78% | 36.29% |
| PAT Margins             | 35.01% | 36.88% | 22.17% | 26.47% |
| Debtor days             | 56.36  | 54.55  | 84.34  | 70.15  |
| Creditor days           | 0.47   | -      | -      | 0.65   |
| <u>Return Ratios</u>    |        |        |        |        |
| RoCE                    | 72.36% | 64.79% | 30.86% | 26.98% |
| RoE                     | 55.12% | 49.36% | 24.64% | 19.82% |

| <u>Valuation Ratios (x)</u> | FY 22 | FY 23 | FY 24 | Aug 24 |
|-----------------------------|-------|-------|-------|--------|
| EV/EBITDA                   | 0.26  | 0.36  | 0.85  | 2.68   |
| Market Cap / Sales          | 11.57 | 7.19  | 7.08  | 3.95   |
| P/E                         | 24.04 | 14.15 | 22.95 | 10.86  |
| Price to Book Value         | 1.20  | 0.63  | 0.51  | 2.15   |
| <u>Solvency Ratios</u>      |       |       |       |        |
| Debt / Equity               | 0.00  | 0.00  | 0.00  | 0.00   |
| Current Ratio               | 4.48  | 4.87  | 7.19  | 5.85   |
| Quick Ratio                 | 4.48  | 4.87  | 7.19  | 5.85   |
| Asset Turnover              | 1.22  | 1.06  | 0.94  | 0.73   |

**LEAD MANAGER TRACK RECORD –**

The lead manager to the issue is Beeline Capital Advisors Pvt Ltd -

A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

**Beeline Capital Advisors Pvt Ltd -**

| <b>Sr. No.</b> | <b>Company Name</b>                 | <b>Issue Size in Cr.</b> | <b>Issue Price/Share (In INR)</b> | <b>Listing Date</b> | <b>CMP* (INR)</b> |
|----------------|-------------------------------------|--------------------------|-----------------------------------|---------------------|-------------------|
| 1.             | C2C Advanced Systems Limited        | 99.07                    | 226.00                            | Dec 03, 2024        | 547.90            |
| 2.             | SD Retail Limited                   | 64.98                    | 131.00                            | Sep 27, 2024        | 202.60            |
| 3.             | Mach Conferences and Events Limited | 125.28                   | 225.00                            | Sep 11, 2024        | 224.75            |
| 4.             | Indian Phosphate Limited            | 67.36                    | 99.00                             | Sep 03, 2024        | 82.00             |
| 5.             | Positron Energy Limited             | 51.21                    | 250.00                            | Aug 20, 2024        | 326.35            |
| 6.             | Ashapura Logistics Limited          | 52.66                    | 144.00                            | Aug 06, 2024        | 99.30             |
| 7.             | V.L.Infraprojects Limited           | 18.52                    | 42.00                             | Jul 30, 2024        | 57.05             |
| 8.             | Sati Poly Plast Limited             | 17.36                    | 130.00                            | Jul 22, 2024        | 200.40            |
| 9.             | Dindigul Farm Product Limited       | 34.83                    | 54.00                             | Jun 27, 2024        | 59.23             |
| 10.            | United Cotfab Limited               | 36.29                    | 70.00                             | Jun 24, 2024        | 42.89             |

The company has handled 45 mandates in the last three years (including current year).

\*CMP for the above-mentioned companies is taken as of 12<sup>nd</sup> December 2024.

As per the offer document, only one company has opened at a discount and rest all have opened at a premium on the listing day.



**Recommendation -**

The company faces significant concentration risk, with 75.78% of revenue coming from its top 10 customers in period ended Sep FY24, up from 73.20% in FY23 and 63.22% in FY22. Operating in a highly fragmented and competitive market without a unique business strategy, the company's position is further weakened by the lack of marketing experience among its non-executive independent directors. The post-issue promoter shareholding is diluted quite a bit, signalling reduced promoter confidence in the business.

Given its volatile EBITDA and profitability margins, as well as continuously declining return margins, pursuing an IPO to raise ₹9 crores (with a revenue base of ₹4.8 crores) appears ambitious and overvalued in terms of P/E ratio. Instead, the company should explore leveraging debt for tax benefits and operational growth.

Additionally, to thrive in the dynamic marketing sector, the company must bring in board members with relevant marketing expertise and a mix of diverse perspectives, including younger talent, to foster innovation. Strengthening its competitive edge through a distinctive business strategy is critical before any public listing.

For the above stated reasons Investors should **AVOID** this IPO for the time being.

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