

### IPO Details

<b>Opening Date</b>	Sep 26, 2022
<b>Closing Date</b>	Sep 29, 2022
<b>Stock Exchange</b>	BSE SME
<b>Lot Size</b>	2000 Shares
<b>Issue Price</b>	₹ 60 per share
<b>Issue Size</b>	15,20,000 Equity Shares
<b>Application Amount</b>	₹ 1,20,000

### IPO Objective

Purchase of Software  
Purchase of Media Inventory  
General Corporate Purpose

### Pre-Issue Shareholding

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	17,59,120	99.95%
Public	880	0.05%

### Promoter of the Company

- Mr. Azharuddin R. Mulla
- Miniboss Consultance Private Limited

### Competitive Strengths

- Meeting expectation of clients
- Social media and digital advertising

### Company Background

- Company was incorporated in the year 2013.
- Company is an advertising agency primary offering creative and media services.
- The company services include- Media Services, Creative Services, Social Media Services and other related services.
- The company relies heavily on third parties like material suppliers, designers, media providers and other service providers.
- As on the date of filing of prospectus, the company had 14 employees on its payroll.

### Financial Summary

For the Period Ended	(In Lacs)		
	Mar-22	Mar-21	Mar-20
<b>Total Assets</b>	<b>1270.20</b>	<b>1154.84</b>	<b>1340.96</b>
<b>Net Assets</b>	425.38	372.80	301.46
<b>Total Borrowings</b>	0.00	0.00	0.00
<b>Total Revenue</b>	2179.9	2455.42	5261.00
<b>Profit After Tax</b>	55.38	75.97	82.37

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## Company Overview

Maagh Advertising and Marketing Services Limited is an advertising agency primarily offering creative and media services. They create and execute advertising campaigns across various media. They offer a set of designing, media, and printing services.

## Analysis

The company was incorporated in 2013 however they started their marketing operations in the year 2018. There has been 53.33% drop in revenue from operations between 2020 and 2021. Thereafter there was an increase of 11.22% between 2021 and 2022.

The company offers following services: -

1. Media Services
  - a. Print/Outdoor/Radio/social media
  - b. Media Planning/Buying and implementation
2. Creative Services
  - a. Concept Development
  - b. Radio Spots
  - c. Outdoor advertisements
  - d. Online advertisements
  - e. Logo Design
  - f. Packaging Design
3. Social Media Advertising
  - a. Creative Web Designing
  - b. SEO Services
  - c. Campaigns
4. Other Services
  - a. Public Relation Campaigns
  - b. Product Launch Campaigns

The company has not provided a revenue breakup for the above-mentioned services and therefore we cannot comment on the same.

To conclude, the company has shown a decline in revenue from 52.61crores in 2020 to 21.79 crores in 2022. The company, even though incorporated in 2013, started its operations in 2018. The company also shows inconsistency during the last three years. Its future prospects due to the same reason cannot be commented upon. The company does not portray a great picture.

## Industry Charts

Exhibit 1: Market Size of Media and Entertainment Market

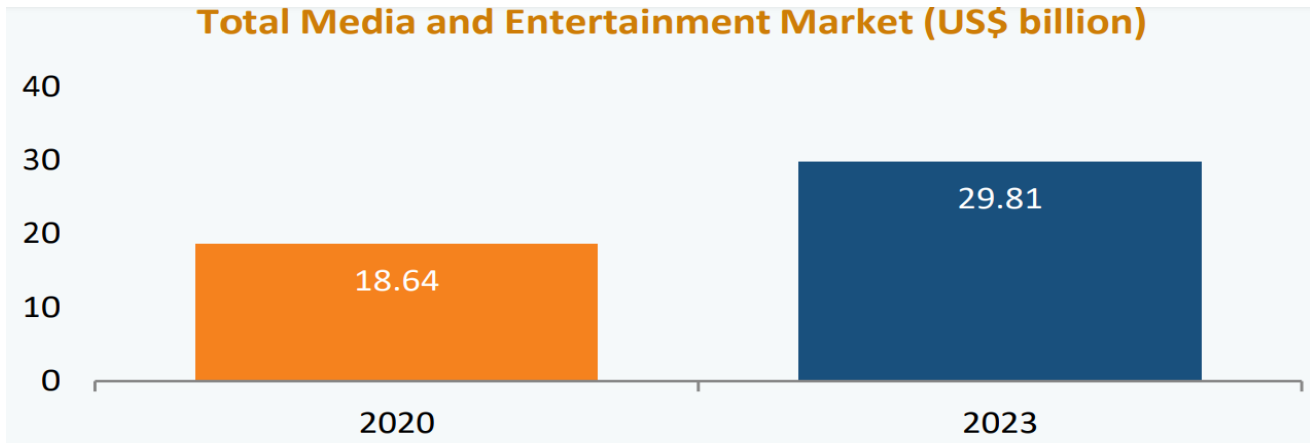


Exhibit 2: Sector Composition of Media and Entertainment Industry

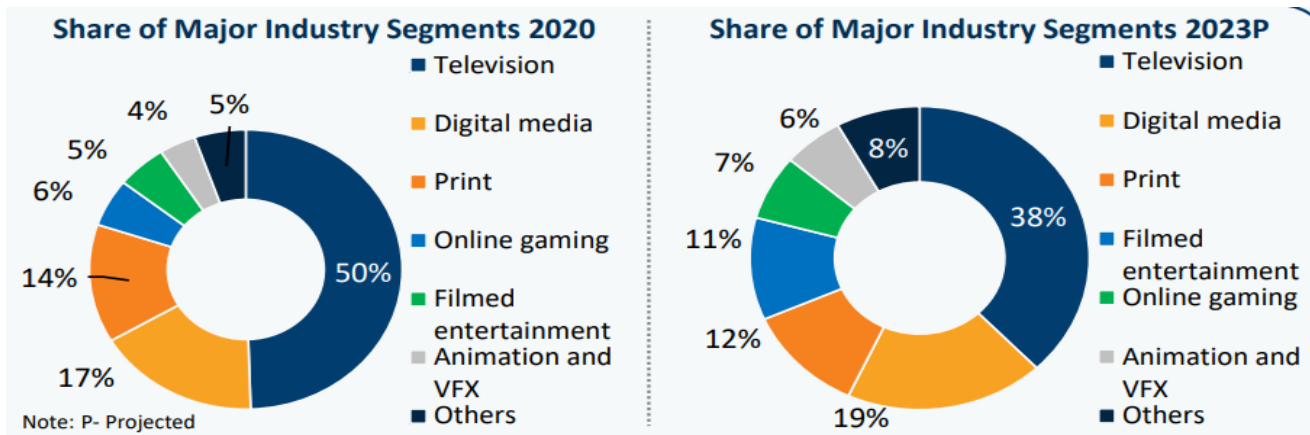
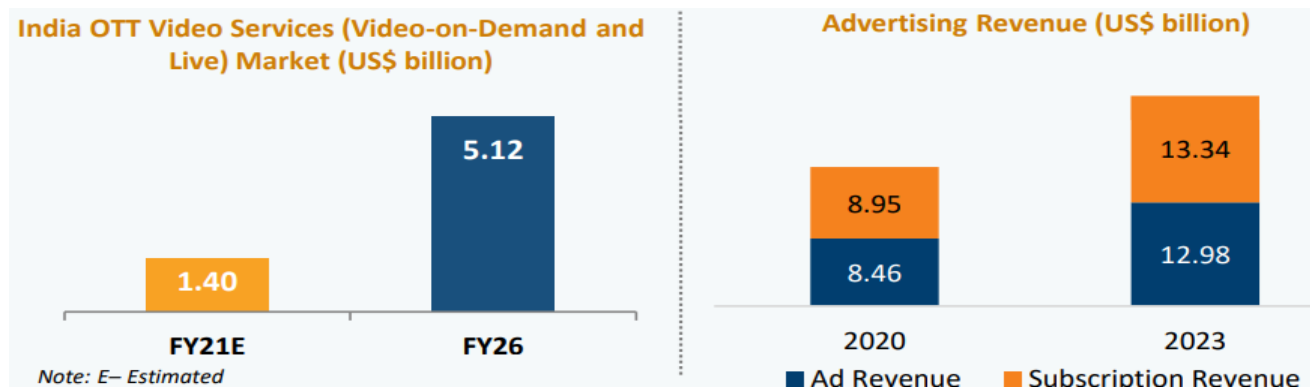


Exhibit 3: Key Trends in Media and Entertainment Industry



(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 Maagh Advertising and Marketing Limited**

The company has been catering both the domestic as well as export market. The major export market of the company is Ghana. The company has registered its products in 8 countries and is looking to register its products in 11 more countries. Company currently target the Latin America and African countries and could target more regions both domestically and internationally.

## **Competition**

Company operates in a highly competitive environment. The principal competitors are other advertising agencies, including other major companies with well-established business. Company competes against smaller agencies and other independent and local entities engaged in advertising business. Competition is based primarily on brand name recognition and reputation, location, customer satisfaction, quality of service.

## **Peer Analysis**

As Mentioned in the prospectus, the company has mentioned 4 listed company as its peer viz. Pressman Advertising Limited, Praveg Communication (India) Limited, Digicontent Limited and Brandbucket Media and Technology Limited. A summary on the key financial parameters of these companies is given in the table below –

<b>Company</b>	<b>Trident Lifeline Limited</b>	<b>Pressman Advertising Limited</b>	<b>Praveg Communications (India) Limited</b>	<b>Digicontent Limited</b>	<b>Brandbucket Media and Technology Limited</b>
Net Profit (INR Cr)	0.53	4.51	12.23	21.05	0.23
EBITDA (INR Cr)	1.42	5.41	19.74	61.82	0.45
Return on Capital Employed	14.09%	11.96%	57.44%	770.17%	3.75%
Return on Equity	12.36%	10.04%	44.17%	376.57%	2.27%
EPS (INR)#	1.61	1.65	9.47	2.54	-
P/E* (Times)	37.18	23.82	23.08	6.14	-

\*PE as on 26/09/2022

#EPS is based on Post-IPO

## Promoters' Profile and Management Analysis

### Mr. Azharuddin R. Mulla



- **Mr. Azharuddin R. Mulla** is the Managing Director of the Company.
- He has over a decade's experience of marketing in broking and banking industry.
- He provides strategic guidance to the company and takes care of day-to-day business of the company and executes the strategy as per the approval of the Board of Directors.

### M/S MINIBOSS CONSULTANCY PRIVATE LIMITED

MINIBOSS CONSULTANCY PVT LTD

- The promoter of MCPL is Azharuddin R. Mulla. He holds 84.00% in the same.
- As on the date of the Prospectus, MCPL holds 17,09,120 Equity Shares representing 97.11% of the pre-issue paid-up share capital of the Company.



## **Analysis on the Company's Promoter and Board of Directors**

**Mr. Azharuddin R. Mulla**, aged 36 years, is the Managing Director of the Company. He has completed his B. Com from University of Mumbai. He is having over a decade of experience of marketing in broking and banking industry. Prior to joining this company, he was working in banking and broking industry, as well as apple trading and supply. He provides strategic guidance to the Company and takes care of day-to-day business of the Company and executes the strategy as per the approval of the Board of Directors.

## Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2022
<b>Profit and Loss</b>			
Revenue from operation	5,261.00	2,455.42	2,179.90
Other income	-	-	-
Total Revenue	5,261.00	2,455.42	2,179.90
Expenses	5,072.79	2,269.92	2,038.34
Depreciation and Amortisation Cost	84.04	85.63	66.69
Finance Cost	-	-	-
Total Expenses	5,156.83	2,355.55	2,105.03
PBT	104.17	99.87	74.87
PBT Margin	1.98%	4.07%	3.43%
EBITDA	188.21	185.50	141.56
EBITDA Margin	3.58%	7.55%	6.49%
Net Profit	77.86	72.21	52.58
Net Profit Margin	1.48%	2.94%	2.41%
<b>Balance Sheet</b>			
Total Borrowings	-	-	-
Net Worth	301.46	372.80	425.38
Fixed Assets	378.18	292.54	343.01
Net Working Capital	-712.38	-233.26	-239.27
<b>Financial Measures</b>			
Inventory Turnover Ratio	-	-	-
Receivables Turnover Ratio	9.00	6.38	4.64
Payables Turnover Ratio	5.92	3.84	3.22
Fixed Assets Turnover Ratio	13.91	8.39	6.36
Return on Capital Employed	25.66%	20.90%	14.09%
Return on Equity	25.83%	19.37%	12.36%
Debt-Equity Ratio	-	-	-

(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 fallen from Rs. 188.21 lacs in 2020 to Rs. 141.56 lacs in 2022 at a CAGR of -13.27%. The EBITDA margin in 2020 was 3.58%, 7.55% in 2021 and 6.49% in 2022. The company has shown poor operating profit growth in the recent years. The EBITDA margin has also been unstable.

### **Net Profit**

The net profit of the company has fallen from Rs. 77.86 lacs in 2020 to Rs. 52.58 lacs in 2022 at a CAGR of -17.82%. The net profit margin in 2020 was 1.48%, 2.94% in 2021 and 2.41% in 2022. Like EBITDA, the company has been performing poorly on the bottom line as well. The company has not been able to generate healthy growing profits for its shareholders in recent times.

### **Finance Cost.**

The company has not incurred any financial cost.

### **Financial Measures/Ratios**

RoCE of the company in 2022 was 14.09% vs 20.90% in 2021 and 25.66% in 2020. Due to deteriorating profits, RoCE of the company has also been decreasing over the years. The same is expected to reduce with the infusion of new Equity Capital through IPO.

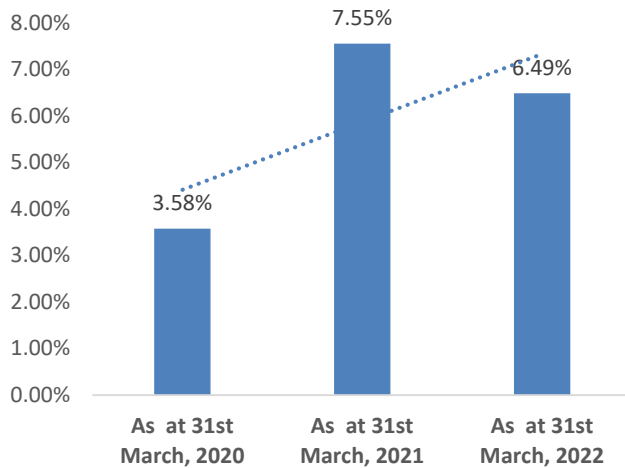
ROE of the company up in 2022 was 25.83%, 19.37% in 2021 and 12.36% in 2020. Due to falling profit margins, the ROE of the company has not been good in recent times. The analysis and forecast of the same can be set forth as that of RoCE.

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

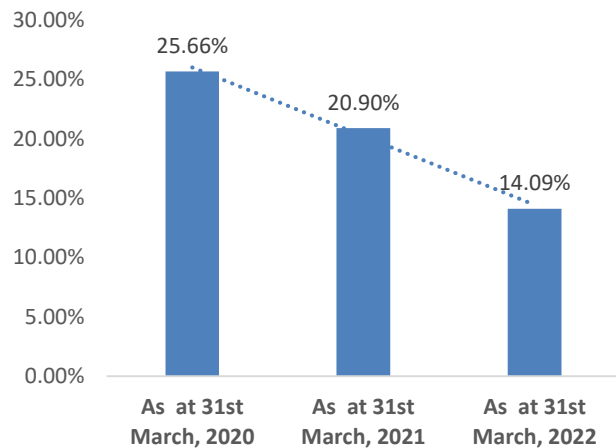
The company has a debt-equity ratio of 0 times in FY 22. The company has never taken loans and is completely dependent on equity. The company could have opted for bank loan and tried to reduce its Weighted Average Cost of Capital.

## Financial Charts

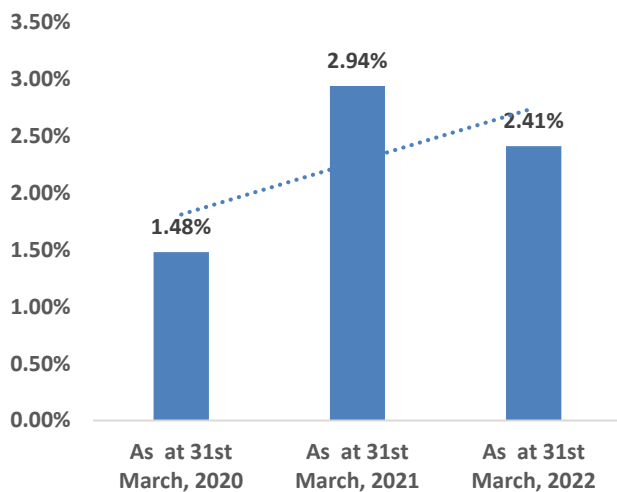
**EBITDA Margin**



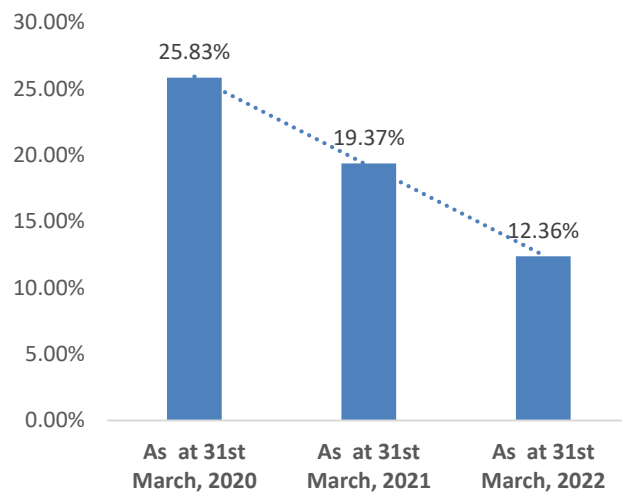
**Return on Capital Employed**



**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. 56.79 lacs, which if determined against them, can affect financial conditions of the company. There are also 7 cases whose amount is not identifiable.
2. The company is generally dependent on one area, Maharashtra. Any demographical, geographical and political changes in the state might adversely affect the company.
3. Company is 100% dependent on its top 5 customers.
4. Company is entirely dependent on a single personnel.

## Track Record of Lead Manager

The lead manager to the issue is Inventure Merchant Banker Services Private Limited and the previous issue details have been taken from the Prospectus. This is the 7th mandate from Inventure Merchant Banker in the last four fiscals. 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.	Parshva Enterprises Limited	3.65	45.00	July 1, 2019	163.00
2.	Navoday Enterprises Limited	4.61	20.00	June 25, 2021	9.40
3.	AA Plus Tradelink Limited	6.48	18.00	July 22, 2021	5.57
4.	Omnipotent Industries Limited	18.90	63.00	November 29, 2021	20.40
5.	Brandbucket Media & Technology Limited	8.25	55.00	December 31, 2021	24.17
6	Silver Pearl Hospitality & Luxury Spaces Ltd	9.00	18.00	June 17,2022	8.50

### #CMP is taken as on 23<sup>rd</sup> September 2022

Out of the last 6 listings, 3 opened at discount and the rest with premiums ranging from 0.50% to 57.14% on the day of listing.

## Recommendation

The company got incorporated in the year 2013 but only started generating revenue from the year 2018. The revenue of the company has decreased in recent years and also has been inconsistent.

The management of the company shows a negative outlook and the company seems to be entirely dependent on its single Managing Director.

The company is getting listed at a post IPO P/E of around 37 times while average PE of its peers is just 17 times making it an overpriced listing.

To conclude, the company outlook is not good, the company has not given enough information about its business overview and also has been showing decreasing margin, so one **must avoid** applying in 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 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.**