

IPO Note

Adcounty Media India Limited

Recommendation: **APPLY!**

Business - Adcounty Media India Limited is a BrandTech company focused on providing end-to-end solutions to brands, that cover everything from branding to performance optimisation.

Objects of the Issue –

Particulars	Amount
Capital Expenditure	Rs. 14.00 Cr.
Working Capital Requirement	Rs. 25.00 Cr.
General Corporate Purposes	

Promoters Name –

Mr. Chandan Garg, Mr. Aditya Jangid, Mr. Abhinav Rajendra Jain, Mr. Delphin Varghese, Ms. Vartika Dangayach and M/S Innovana Thinklabs Limited

Promoter Share Holding Pattern	
Pre Issue 89.14%	Post Issue 65.52%

Rationale for recommendation –

Adcounty Media India Limited was incorporated in May-2017 and operates in a highly competitive and fragmented industry, though the company is well-positioned to sustain competition and benefit from overall industry growth. Its strategic shift from low-margin to high-margin clients and bringing tasks in-house has improved margins and is expected to support long-term profitability. The company reported a 20.36% decline in revenue in FY24 due to mentioned shift but saw a strong rebound with 61.50% topline growth in FY25. EBITDA and PAT margins have consistently improved primarily due to lower legal, professional and technical support expenses. However, RoCE and RoE have declined from 83.17% and 64.08% in FY23 to 45.52% and 36.28% in FY25 due to inefficient capital utilization. Negative operating cash flow in FY25 was driven by increased trade receivables, expected to normalize as IPO proceeds are used for working capital. The management is experienced and has shown consistent efforts to reduce customer and geographic concentration. Innovana Thinklabs Limited, a strong market performer, being one of the promoters, adds further credibility to the company. The company has post-issue P/E of 13.91, which makes it **fairly priced**. Thus, we recommend to **APPLY** for the IPO.

IPO Details

Opening Date	Jun 27, 2025
Closing Date	Jul 01, 2025
Allotment Date	Jul 02, 2025
Listing Date	Jul 04, 2025
Stock Exchange	BSE SME
Lot Size	1,600 Shares
Issue Price Per Share	₹85
Issue Size	50.69 Cr.
Fresh Issue	50.69 Cr.
Offer for Sale	-
Application Amt	₹ 1,36,000 (1,600 shares)

KPIs (In Lakhs)

KPI's	FY 23	FY 24	FY 25
Revenue	5,356.52	4,265.95	6,889.51
EBITDA	1,040.44	1,080.16	1,825.16
Net Profit	763.49	828.22	1,375.01
RoCE	83.17%	51.54%	45.52%
ROE	64.08%	40.87%	36.28%
P/E	17.82	16.44	10.16

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	8.37	6.11
BVPS	22.92	16.84
P/E	10.16	13.91
P/BV	3.71	5.05
Mkt Cap (In Cr)	140.57	191.26

*Annualized

Lead Managers –

Narnolia Financial Services Limited

Registrar –

Skyline Financial Services Private Limited

Industry Overview -

The global market for Digital Advertising and Marketing was valued at US\$ 595.0 Billion in 2024 and is projected to reach US\$ 1.1 Trillion by 2030, growing at a CAGR of 11.0% from 2024 to 2030. India is poised to become the world's second-biggest online market with over 900 million active internet users by 2025. India's e-commerce market will reach US\$ 200 billion by 2027 due to this shift towards digitisation. It is estimated that by 2025, the active count of internet users will exceed 900 million, making India one of the largest markets across the globe. The growth in the digital advertising and marketing market is driven by several factors, including technological advancements, changing consumer behaviours and expanding end-use applications.

The global AdTech market size was valued at USD 876.21 billion in 2024 and is projected to grow from USD 986.87 billion in 2025 to USD 2,547.17 billion by 2032, exhibiting a CAGR of 14.5% during the forecast period. The India AdTech market size reached USD 27.30 Million in 2024. The market is expected to reach USD 238.40 Million by 2033, exhibiting a growth rate (CAGR) of 24.20% during 2025- 2033. The major contributors for rise in India AdTech Market Trend – Integration of Artificial Intelligence and Machine Learning in Advertising and Rise of Connected TV (CTV) and Over-The-Top (OTT) Platforms.

Outlook - India's digital marketing outlook is highly promising, driven by rapid tech adoption, a massive online user base and emerging trends like personalization, voice search and data-driven strategies.

Business Overview -

Adcounty Media India Limited is a BrandTech company focused on providing end-to-end solutions to brands, that cover everything from branding to performance optimisation. The company was originally incorporated as 'Adcounty Media India Private Limited' on May 03, 2017. The company's name was changed to "Adcounty Media India Limited". The company's range of services include Programmatic Advertising, Search Engine Optimisation (SEO), Pay Per Click (PPC), Cost Per Acquisition (CPA), Cost Per Sale (CPS), Cost Per Lead (CPL) and Cost Per Install (CPI) campaigns that aid sales, lead generation, user acquisition and re-targeting.

Company's business is divided into 2 verticals – Advertising Technology (AdTech) and Digital Marketing. The company sources its client through two methods, i.e., direct sourcing and advertising/media agencies.

Direct Client – Sharechat, Zepto, Fi.Money, Policy Bazaar, Paisa Bazaar, Bank Sathi etc.

Media Agencies – GroupM, Publicis Media India and Partner Boost

Innovana Thinklabs Limited is one of the promoters of the company. It is a listed company on NSE and BSE which has shown significant growth in IT sector.

Business Vertical-Wise Revenue Bifurcation -

Particulars	FY2023		FY2024		FY2025	
	Amt	%	Amt	%	Amt	%
Adtech	3,166.10	59.11%	2,528.21	59.26%	4,135.06	60.02%
Digital Marketing	2,190.42	40.89%	1,737.74	40.74%	2,754.45	39.98%
Total	5,356.52	100%	4,265.95	100%	6,889.51	100%

- The company generates majority of revenue from cost per install (44.47%) and lead generation (32.91%) as of FY25.
- The company generates 76.10%, 10.55% and 8.03% of revenue from India, Republic of Singapore and UAE respectively as of FY25. The company generates 48.99%, 16.33% and 20.76% of India's revenue from Haryana, Karnataka and Maharashtra respectively as of FY25.

Business Strategies -

- The company uses a host of different technologies and strategies such as market research, campaign optimization and data analysis which suits their clients promote their products, services and brands to their target audience.
- The company through strategic initiatives, primarily Cost Per Install and Cost Per Lead campaigns have empowered clients to expand their customer base and enhance their market presence.
- Some of the strategies used by the company are – Social Media Marketing, Pay-Per-Click (PPC), Digital Analytics and Measurement, Cost Per Acquisition (CPA), Cost Per Sale (CPS), Cost Per Install (CPI) and Cost Per Lead (CPL).

FINANCIAL SNAPSHOT

Key Performance Indicators (Amt in Lakhs)				Key Ratios			
Particulars	FY23	FY24	FY25	Particulars	FY23	FY24	FY25
P&L Statement				Per Share Data			
Total Income	5,364.02	4,324.28	6,958.04	Diluted EPS	4.77	5.17	8.37
Total Expenses	4,337.86	3,202.61	5,117.92	BV per share	11,915.50	20,266.70	22.92
EBITDA	1,040.44	1,080.16	1,825.16	Operating Ratios			
EBIT	1,028.37	1,068.23	1,791.42	EBITDA Margins	19.42%	25.32%	26.49%
PBT	1,026.16	1,121.67	1,840.12	PAT Margins	14.25%	19.41%	19.96%
Tax Expenses	262.67	293.45	465.11	Inventory days	-	-	-
Net Profit	763.49	828.22	1,375.01	Debtor days	93.63	116.34	161.66
Balance Sheet				Creditor days	162.96	141.85	51.51
Total Equity	1,191.55	2,026.67	3,789.76	Return Ratios			
Liabilities				RoCE	83.17%	51.54%	45.52%
Non-Current Liabilities	44.87	45.86	145.28	RoE	64.08%	40.87%	36.28%
Current Liabilities	1,447.86	878.67	856.75	Valuation Ratios (x)			
Total Liabilities	1,492.73	924.53	1,002.03	EV/EBITDA	-0.20	1.46	1.63
Assets				Market Cap/Sales	0.00	0.00	2.04
Non-Current Assets	772.00	827.63	615.69	P/E	17.82	16.44	10.16
Current Assets	1,912.27	2,123.57	4,176.10	Price to Book Value	0.01	0.004	3.71
Total Assets	2,684.27	2,951.20	4,791.79	Solvency Ratios			
Cashflow Statement				Debt/Equity	0.02	-	-
Operating Cashflow	144.65	454.43	-23.62	Current Ratio	1.32	2.42	4.87
Investing Cashflow	-417.79	-9.00	-408.69	Quick Ratio	1.32	2.42	4.87
Financing Cashflow	30.53	-32.77	358.28	Asset Turnover	2.00	1.45	1.44
				Interest Coverage Ratio	105.91	218.45	90.34

Financial Analysis –

- **Revenue from Operations -**
 - The company's top line decreased by 20.36% in FY24 due to the strategy that company opted to reduce low margin clients and focus on high margin clients which resulted in decrease in key client contracts during the period.
 - The company's topline grew by 61.50% in FY25, which was the result of strategy implemented in FY24.
- **EBITDA and PAT Margins** – The company's EBITDA and PAT margins have been improving and are in line with each other. The margins improvement over the years is primarily contributed by reduction in other expenses as a percentage of revenue majorly from legal and professional expenses, technical support expenses and commission & brokerage expenses.
- **RoCE and ROE** – The company's RoCE and ROE have declined significantly, with RoCE falling from 83.17% in FY23 to 45.52% in FY25 and ROE dropping from 64.08% to 36.28% during the same period, primarily due to inefficient utilization of capital and strategy implemented in FY24.
- **Operating cashflow** – The company has maintained positive operating cashflow in FY23 and FY24 but it has turned into negative in FY25 primarily due to significant increase in trade receivables.
- **D/E ratio** – The company has maintained zero borrowings from FY24.
- **Net profit** – The company is expected to improve its net profit over the years due to its strategic decision to hire employees and bring tasks in-house, thereby reducing outsourcing costs. While this move leads to an increase in employee benefit expenses, it significantly lowers the cost of media traded, resulting in a net positive impact on margins.

Lead Manager –

The lead manager of the issue is Narnolia Financial Services Limited. The lead manager has managed 17 IPOs in last 3 years, among them 14 IPOs have opened in premium and 3 IPOs have opened in discount to their issue price on their respective listing dates.

Risk Factors -

The company has moderate customer concentration, with its top 10 clients contributing 70.30% in FY23, 77.98% in FY24 and 76.94% in FY25. This concentration, coupled with geographic reliance on Haryana, Karnataka and Maharashtra, exposes the business to regional and client-specific disruptions. Additionally, the company operates in a highly competitive segment, increasing the risk of market share erosion. The high working capital requirements may compel the company to rely on external borrowings. Furthermore, existing litigations involving the company and its promoters, amounting to Rs. 792.10 Lakhs and contingent liabilities of Rs. 51.24 Lakhs as of FY25, add to the overall risk profile.

Key Management

The overall management of the company is satisfactory, backed by experienced leadership. Mr. Chandan Gard is one of the Managing Director who brings 15 years of expertise in the IT and Software Development industry, while the other Mr. Aditya Jangid has 21 years of experience in Sales, Credit & Collection, Operational Finance and Business Development. The Chief Financial Officer, who also serves as a Whole-Time Director, possesses 20 years of experience in business operations. Additionally, the other directors and promoters have substantial industry experience and relevant educational backgrounds in their respective domains.

Peer Analysis

Particulars	Adcounty Media India Limited			Affle 3i Limited			DAPS Advertising Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	14.25%	19.41%	19.96%	16.43%	15.65%	16.18%	6.51%	5.11%	6.07%
EBITDA Margin	19.42%	25.32%	26.49%	23.01%	21.96%	24.45%	9.60%	8.11%	9.65%
RoCE	83.17%	51.54%	45.52%	18.26%	13.14%	16.04%	18.15%	9.57%	9.61%
ROE	64.08%	40.87%	36.28%	16.69%	11.90%	12.96%	13.36%	6.96%	7.10%
EPS (INR)	4.77	5.17	8.37	18.36	21.76	27.23	4.58	2.11	2.29
P/E	17.82	16.44	10.16	53.76	47.87	55.90	5.02	12.32	7.42

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