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Issue Offer

Fresh Issue of INR 744,000 Equity share aggregating up to INR 84.80 mn

Issue Summary

| | |
|------------------------------|--------------|
| Price Band (INR) | 109-114 |
| Face Value (INR) | 10 |
| Implied Market Cap (INR mn.) | 321.82 |
| Market Lot | 1200 |
| Issue Opens on | May 13, 2024 |
| Issue Close on | May 15, 2024 |
| No. of share pre-issue | 2,079,000 |
| No. of share post issue | 2,823,000 |
| Listing | NSE - SME |

Issue Break-up (%)

| | |
|----------------|--------|
| QIB Portion | 49.75% |
| NII Portion | 15.11% |
| Retail Portion | 35.14% |

Book Running Lead Managers

Horizon Management Private Limited

Registrar

Mas Services Limited

Shareholding Pattern

| | Pre-Issue | Post-Issue |
|-----------------|-----------|------------|
| Promoters | 88.74% | 65.36% |
| Public & Others | 11.26% | 35% |

Objects of the issue

- Funding the capital expenditure towards setting up of new Police Booths in West Bengal, Assam, Maharashtra and Delhi.
- Funding the capital expenditure in Pole Kiosks for setting up of traffic signal point displays in Kolkata, Mumbai and Pune.
- General Corporate Purpose

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Veritaas Advertising, a leading advertising agency with a strong presence across West Bengal, Guwahati, Shillong, Delhi, Mumbai, and Pune, offers a comprehensive suite of advertising services spanning brand strategy, events, and outdoor media. Their diverse advertising portfolio includes placements ranging from police booth hoardings to newspapers and brochures, catering to a wide array of clients. Specializing in enhancing brand presence, expanding reach, fostering goodwill, and driving sales through interactive customer engagement, Veritaas has earned the trust of prestigious clients such as TVS, Ultratech Cement, Star Cement, Greenply, and ITC Limited. Demonstrating impressive growth, Veritaas witnessed a substantial increase in revenue from INR 33.698 mn in FY22 to INR 77.484 mn in FY23. Moreover, the upward trajectory continues, with the revenue for February 2024 reaching a commendable INR 90.326 mn. This consistent growth trajectory underscores Veritaas Advertising's position as a prominent player in the advertising industry.

Investment Rationale

Expansion through Advertising: In a strategic move to bolster company advertising reach, the company is committing a substantial investment of INR 52.675 mn towards the establishment of new police booths across key regions including West Bengal, Assam, Maharashtra, and Delhi. This significant capital expenditure underscores their expanding advertising footprint and enhancing our brand visibility. With meticulous planning and a focus on high-traffic areas, the Company aims to capitalize on the effectiveness of police booth advertisements to engage their target audience effectively. This investment represents a strategic milestone in the company's growth trajectory, reinforcing its commitment to innovation and excellence in the advertising and marketing landscape.

Regional Expansion: In a strategic endeavor to diversify the company's product portfolio, the company is set to invest INR 6 mn into the installation of 10 pole kiosks across key locations in Kolkata, Mumbai, and Pune. These pole kiosks, serving as traffic signal point displays, are poised to revolutionize our branding strategy, offering a dynamic and engaging platform to captivate targeted customers and leave a lasting impression. Governed by stringent timelines and approvals from the Police Department, the Company's meticulous approach ensures timely installation and utilization of these advertising assets. The estimated cost, meticulously calculated and approved by our Board of Directors, will be entirely funded through the proceeds of this issue. This investment represents a strategic leap forward in our quest for enhanced brand visibility and engagement in high-traffic urban hubs.

Comprehensive Performance for Effective Branding: The company stands as a beacon of innovation and expertise in the realm of marketing and advertising, offering a fully integrated suite of specialized services designed to drive tangible results. From crafting compelling brand strategies to curating engaging content across various platforms, the Company has been delivering end-to-end solutions that resonate with audiences and elevate brand perceptions. With a keen focus on brand identity, content creation, media sales, and creative design, we ensure that every aspect of our clients' marketing needs is met with precision and creativity. Their in-house capabilities, including pre-press and printing, further bolster our ability to deliver high-quality results promptly. By seamlessly integrating their services across multiple verticals, They empower their clients to achieve their marketing objectives effectively and efficiently, solidifying their position in the market and driving revenue growth.

Strategic Diversification, Across Industries: With a dynamic and diversified service portfolio, the company has cultivated a broad and varied customer base spanning across industries and geographies. The commitment to innovation and results-oriented strategies has enabled the company to establish a strong presence in multiple sectors, including electronics, automobile, FMCG, lifestyle, construction, education, real estate, insurance, and IT. Through their end-to-end solutions and integrated service offerings, They have adopted a horizontal marketing approach, seamlessly catering to the diverse client needs. Leveraging their specialized services, the Company has garnered trust and loyalty from renowned private companies, solidifying their position as a trusted partner in their marketing endeavors.

Valuation and View: Veritaas Advertising is positioned to capitalize on India's growing demand for advertising services, boasting robust fundamentals and a solid track record of financial success. With a diverse client base and service portfolio, the company is well-prepared for sustained growth and expansion in the coming years. In FY23, Veritaas recorded a revenue of INR 78.675 mn, indicating its strong performance in the market. The recent IPO launch saw the market capitalization of Veritaas Advertising reaches INR 321.8 mn, reflecting investor confidence in its potential. With an impressive ROE of 44.24% and ROCE of 39.65%, Veritaas demonstrates efficient utilization of resources. Additionally, boasting a PAT margin of 17.36%, These metrics underscore Veritaas Advertising's strategic position and potential for sustained success in the dynamic advertising industry landscape. At the upper band of INR 114, the issue is valued at a PE of 15.4x based on FY23 EPS of INR 7.4. We are recommending "Subscribe" for this issue.

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| Stock Rating Scale | Absolute Return |
|--------------------|-----------------|
| BUY | >20% |
| ACCUMULATE | 12% to 20% |
| HOLD | 5% to 12% |
| NEUTRAL | -5% to 5% |
| REDUCE | -5% to -12% |
| SELL | <-12% |

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