

Yaap Digital IPO

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- The company is a digital marketing, content and technology services provider.
- The company operates across three countries – India, UAE, and Singapore.
- It posted growth in its top lines for reported periods, but the quantum jumps in bottom lines from FY25 onwards raise eyebrows.
- Based on its recent financial data, the issue appears aggressively priced.
- Only well-informed/cash surplus/risk seekers may park moderate funds for medium term.

About the Company

Yaap Digital Ltd. (YDL) is a digital marketing, content, and technology services company, built for brands seeking meaningful connections with today's digital-first consumers. Through a unified model that blends creative storytelling, data-driven decision making, and AI-powered marketing technologies, it offers an integrated suite of services including influencer marketing, content creation, performance marketing, UI/UX design, media buying, and marketing analytics.

As of the date, it operates across three countries, India, United Arab Emirates, and Singapore under the "YAAP" brand and its wholly-owned subsidiaries. The company has employed over 100 employees and have been executing marketing campaigns for past nine years, covering sectors such as financial services, consumer goods, tourism, automotive, technology, healthcare, and government projects.

Operating in the rapidly growing digital advertising and marketing services industry (Source: D&B Report), it is focused on meeting the evolving needs of modern businesses. YDL's business is structured around a fully digital model that focuses on modern marketing methods rather than traditional approaches. It offers services that bring together data, AI based tools, and content to help clients manage their marketing needs. This approach enables businesses to work with a single provider instead of coordinating with multiple separate agencies.

Its work focuses on combining creativity, technology, and data into an integrated offering. Unlike traditional advertising agencies or digital firms that focus on a single area, it brings together storytelling, influencer activation, media buying, and analytics. This approach helps brands connect with their audiences and assess campaign performance.

Firstly, the company differentiates itself by offering a unified solution across the digital marketing spectrum. In a market where brands often struggle with the complexity of managing multiple agency partners for different needs which are creative content, influencer outreach, paid media, UX design, hence to summarize it provides an end-to-end service model. Its clients benefit from a single point of

accountability, faster campaign execution, integrated messaging, and consolidated performance reporting.

Secondly, having invested in building influencer management capabilities and creator relationships, it now manages a database of large number of influencers across sectors and geographies. This access enables it to execute large-scale, multi-category influencer campaigns with precision and at scale which proves to be a distinct advantage as brands increased investments into influencer-led content marketing strategies.

Thirdly, its content production capabilities are specifically designed for the mobile-first, short-format ecosystem. With in-house video production teams specializing in short videos, reels, and snackable content, it delivers platform-native creative assets across Instagram, YouTube, Snap, and emerging content platforms. This pace in content creation is critical to address the fast-paced content consumption habits of today's audiences.

Fourthly, its performance-driven approach ensures that every campaign is aligned with client KPIs from the start. Its ability to integrate performance media buying (using platforms like Google Ads, Meta Ads Manager, and DV360) with creative and influencer execution enables it to deliver marketing solutions that are not just engaging but also measurable in terms of reach, engagement, conversions, and ROI.

Finally, its geographical presence across India, UAE, and Singapore gives it access to some of the fastest-growing digital economies globally. The company aims to further capitalize on the digital ad market expansion in the Middle East and Southeast Asia. This strategic positioning, creative agility, influencer connect, content production scale, performance accountability, and regional reach, places it in a position to capture emerging opportunities in the fast-evolving digital marketing landscape.

The company is fundamentally built on three tightly integrated pillars, Content, Data, and Technology, which together form the foundation of its strategy, operations, and client value proposition. These pillars are not standalone departments or service lines, but interdependent capabilities that work together to create a unified digital marketing ecosystem. They enable it to offer a comprehensive solution for brands that need to navigate the complexity of today's digital landscape, where consumers are mobile-first, attention is fragmented, and performance is non-negotiable. This forms the backbone of how it designs, execute, and optimize every digital marketing engagement from ideation to impact. As of December 31, 2025, it had 108 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 5525000 equity shares of Rs. 10 each to mobilize Rs. 80.11 cr. at the upper cap. The company has announced a price band of Rs. 138 - Rs. 145 per share. The minimum application to be made is for 2000 shares and in multiples of 1000 shares thereon, thereafter. The issue opens for subscription on February 25, 2026 and will close on February 27, 2026. The IPO constitute 26.39% of the post-IPO paid-up capital of the company. The

shares will be listed on NSE SME Emerge. From the net proceeds of the IPO, it will utilize Rs. 34.00 cr. for part funding acquisition of GoZoop, Rs. 4.01 cr. for capex on setting up ACP Hub, Rs. 16.00 cr. for working capital, and the rest for general corporate purposes.

The IPO is solely lead managed by Socradamus Capital Pvt. Ltd., and MUFG Intime India Pvt. Ltd. is the registrar to the issue. Giriraj Stock Broking Pvt. Ltd. is the market maker. Intellect Stock Broking Ltd. is a syndicate member.

The company has issued entire initial equity capital at par value. It has also issue bonus shares in the ration of 8 for 1 in April 2025, and 5 for 2 in July 2025. The average cost of acquisition of shares by the promoters /selling stakeholders is Rs. 0.0026 per share.

Post-IPO, company's current paid-up equity capital of Rs. 15.41 cr. will stand enhanced to Rs. 20.93 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 303.53 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/ net profit/ - (loss), of Rs. 78.04 cr. / Rs. - (2.60) cr. (FY23), Rs. 113.06 cr. / Rs. 2.51 cr. (FY24), Rs. 154.40 cr. / Rs. 11.93 cr. (FY25). For 9M of FY26 ended on December 31, 2025, it posted a net profit of Rs. 9.21 cr. on a total income of Rs. 91.42 cr. Trade receivable days cycle of 153 days as of December 31, 2025 raise concern. Quantum jump in bottom lines from FY25 onwards raise eyebrows and concern over its sustainability going forward. It appears to be inflated one to pave the way for fancy valuation of the IPO.

For the last three fiscals, the company has reported an average EPS of Rs. 4.25, and an average RoNW of 29.19%. The issue is priced at a P/BV of 6.81 based on its NAV of Rs. 21.30 per share as of December 31, 2025, but its post-IPO NAV data is missing from offer documents.

If we attribute FY26 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 24.74, and based on FY25 earnings, the P/E stands at 25.44. The issue appears aggressively priced based on its higher earnings since FY25 onwards.

For the reported periods, the company has posted PAT margins of - (3.35) % (FY23), 2.23% (FY24), 7.82% (FY25), 10.21% (9M-FY26), and RoCE margins of - (1.71) %, 21.55%, 45.07%, 26.43%, for the referred periods, respectively.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has adopted a dividend policy in April 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Verto Ltd., Digicontent Ltd., as its listed peers. They are currently trading at a P/E of 15.6, and 7.37 (as of February 20, 2026). However, they are not truly comparable on an apple-to-apple basis. This compare is nothing but an eyewash.

Merchant Banker's Track Record

This is the 4th mandate from Socradamus Capital in the last two fiscals. From the last 3 listings, 1 opened at discount and the rest opened with premium ranging from 17.65% to 75.93% on the date of listing.

Conclusion / Investment Strategy

YDL is a digital marketing, content and technology services provider. The company operates across three countries – India, UAE, and Singapore. It posted growth in its top lines for reported periods, but the quantum jumps in bottom lines from FY25 onwards raise eyebrows. Based on its recent financial data, the issue appears aggressively priced. Only well-informed/cash surplus/risk seekers may park moderate funds for medium term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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