

February 27, 2026

## Yaap Digital Limited: Ratings upgraded to [ICRA]BBB-(Stable)/[ICRA]A3

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Fund-based - Cash credit	15.90	15.90	[ICRA]BBB-(Stable); Upgraded from [ICRA]BB+(Stable)
Short-term - Non-fund based - Others	3.00	3.00	[ICRA]A3; Upgraded from [ICRA]A4+
Unallocated limits	1.10	1.10	[ICRA]BBB-(Stable) / [ICRA]A3; Upgraded from [ICRA]BB+(Stable)/[ICRA]A4+
<b>Total</b>	<b>20.00</b>	<b>20.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The ratings upgrade of Yaap Digital Limited (YDL) factors in the increasing revenue and earnings leading to strong net worth and debt protection metrics. The growth momentum is expected to sustain in the long term as well, driven by repeat orders and new customer acquisition amid the growing digitisation drive by its customers. The ratings continue to consider the extensive experience of the key management personnel in the digital advertising space and its established clientele comprising several prominent domestic and international companies, including Government and quasi-Government entities, which reduces the counterparty credit risk to an extent. Mr. Subodh Menon and Mr. Sudhir Menon, the promoters of Dorf-Ketal Chemicals India Limited (DKCIPL), are stake holders in YDL and are on the company's board. The ratings note the financial flexibility enjoyed by YDPL, by being part of a strong promoter group.

The ratings are, however, constrained by the vulnerability of its revenues and margins to advertising spend by its clients, particularly during economic downturns, and the intense competition in the digital advertising industry from large players, which limits the pricing flexibility. Despite an improvement in the top line and its net worth base, YDL's net worth remains moderate at an absolute level. Nevertheless, ICRA takes comfort from the unsecured loans in the business from the promoters leading to limited dependence on the bank borrowings. While interest has been accruing on these unpaid loans, the company has flexibility on repayment of these along with interest, which may be paid off in the next couple of years. The company received enhancement on cash credit limit and non-fund-based limit to support the working capital requirement; however, its utilisation remains modest at present. Further, the ratings factor in the high client concentration risk with National Payment Corporation of India (NPCI), YDL's largest customer, accounting for around 56% of the revenue in FY2025 (FY2024: 72%).

The Stable outlook reflects ICRA's opinion that YDL will benefit from the established track record of the promoters and customer relationships, addition of new customers, coupled with growing digitisation needs of the clients. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, will be funded in a manner that it is able to durably maintain its debt protection metrics.

### Key rating drivers and their description

#### Credit strengths

**Established track record of promoters in digital advertising industry; reputed clientele** - Mr. Atul Hegde, one of the key promoters, has over two decades of experience in the digital advertising segment, having worked with several prominent domestic and international companies. Over the years, YDL has built a reputed client base including NPCI, National Internet Exchange of India, JCB India Limited, Flipkart, Amex and has onboarded the Adani Group in the current year. The company also continues to secure assignments for Government initiatives such as Startup India, Digital India and NITI Aayog, supported by strong technical capabilities. Mr. Subodh Menon and Mr. Sudhir Menon, promoters of the Dorf Ketal Group, hold a 40.55% stake in YDL and are on the board, providing financial flexibility through association with a strong promoter group.

**Favourable long-term outlook for domestic digital media** - The media and entertainment industry is expected to witness steady growth over the medium term, led primarily by digital advertising amid increasing adoption of data driven and technology-enabled marketing strategies across sectors. This shift, evident over the past decade, is driven by a rising internet user base in India, supported by low data

costs, healthy teledensity, higher time spent online, increased use of artificial intelligence, expansion of Over-The-Top (OTT) platforms, growth in the programmatic advertising and the continued shift of advertising spends from traditional media to digital channels. Digital media also offers inherent advantages over traditional media through readily available analytics such as user demographics, interests and time spent.

**Improving scale of operations and earnings** - YDL's revenue recorded healthy YoY growth of 35.5% to Rs. 152.5 crore in FY2025, following a 45% YoY increase to Rs. 112.6 crore in FY2024, driven by repeat orders and new customer additions. The operating profit margins (OPM) improved to 9.9% in FY2025 from 5.8% in FY2024, supported by higher in-house execution. An overall positive development has improved the coverage indicators, with interest coverage increasing to 8.3x as on March 31, 2025, from 3.9x as on March 31, 2024, and Total Debt/OPBDITA improving to 1.5x in FY2025 from 3.5x in FY2024.

## Credit challenges

**Revenues and margins vulnerable to downsizing of ad spending; customer concentration risk** – The high dependence on advertising and related activities exposes the company to economic cycles, leading to volatility in revenues and profitability. While YDL revenues and net worth base have improved over the years, the absolute net worth remains moderate, and customer concentration risk persists, with the top customer, NPCI, contributing around 56% of revenues in FY2025 compared to 72% in FY2024. The top five customers accounted for about 70% of revenues in FY2025 against 80% in FY2024. Any loss of a major client could adversely impact operating income and profitability; however, counterparty credit risk is mitigated by a reputed clientele comprising private, Government and quasi-Government entities, along with consistent addition of new customers supporting incremental business.

**Intense competition in digital advertising space and limited ability to compete with large players** - The digital marketing industry is largely dominated by Google and Facebook. The Group faces intense competition from both international and domestic players, including organised and unorganised agencies, which constrains pricing flexibility. The competition also includes large global entities such as WPP Group, Dentsu Aegis Network and Havas Media, along with established domestic digital agencies like R K Swamy, Affle 3i, Schbang, SoCheers, White Rivers Media, DVIO and Grapes Digital. The presence of well capitalised players with strong brand recognition and advanced technological capabilities results in a highly competitive environment, limiting the Group's pricing power.

## Liquidity position: Adequate

YDPL's liquidity remains Adequate, supported by steady cash flow generation and sufficient buffer in working capital limits with average utilisation of around 13% during the last twelve months ended January 2026. In January 2026, the company received an enhancement of Rs. 3 crore in its working capital limits, with the total sanctioned cash credit limit now standing at Rs. 10 crore. YDPL does not have any significant external long-term debt, except for a vehicle loan, and its borrowings are largely in the form of unsecured loans from directors, which provide flexibility in terms of interest servicing and principal repayment.

## Rating sensitivities

**Positive factors** – ICRA could upgrade YDPL's ratings if there is a material increase in scale and earnings leading to improvement in debt protection metrics while maintaining the adequate liquidity position on a sustained basis. The strengthening of its net worth will also be positive for the rating.

**Negative factors** – Pressure on YDPL's ratings may arise if sustained pressure on revenue and earnings weakens debt protection metrics and liquidity position.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/group Support	Not Applicable
Consolidation/standalone	For arriving at the ratings, ICRA has considered the consolidated financials of YDPL

## About the company

Incorporated in March 2016, YDL designs websites, banners, videos, digital films and packaging designs, and works with influencers to enhance visibility of digital content among target audiences, along with content distribution across media platforms. Over the years, the company has expanded through acquisitions of FFC Information Solutions Private Limited, Oplifi Digital Private Limited, Yaap Digital FZE, Intnt Asia Pacific Pte. Ltd and Brand Planet Consultants India Private Limited, all of which are wholly owned subsidiaries.

Mr. Atul Hegde, promoter and director, has over 25 years of experience in the advertising industry and has worked with reputed clients such as Philips, Sony TV, Maruti Suzuki, Tata Group, Aditya Birla Group, HDFC Bank and ITC Hotels. Mr. Sudhir Menon and Mr. Subodh Menon of the Dorf Ketal Group have invested in YDL and extended personal guarantees for bank facilities as well.

The company has announced an initial public offering (IPO) on the SME Emerge Platform, comprising a fresh issue of up to 55.25 lakh equity shares of face value Rs. 10 each, priced in the range of Rs. 138–145 per share. The IPO proceeds will be utilised for acquisitions, setting up an AI-led content production hub, meeting working capital requirements, and general corporate purposes. The issue is opened on February 25, 2026, and the shares are expected to be listed on March 5, 2026.

## Key financial indicators (audited)

Yaap Digital Limited (Consolidated)	FY2024	FY2025
<b>Operating income</b>	<b>112.6</b>	<b>152.5</b>
<b>PAT</b>	<b>2.6</b>	<b>11.2</b>
<b>OPBDITA/OI</b>	<b>5.8%</b>	<b>9.9%</b>
<b>PAT/OI</b>	<b>2.4%</b>	<b>7.4%</b>
<b>Total outside liabilities/tangible net worth (times)</b>	<b>7.4</b>	<b>4.2</b>
<b>Total debt/OPBDITA (times)</b>	<b>3.5</b>	<b>1.5</b>
<b>Interest coverage (times)</b>	<b>3.9</b>	<b>8.3</b>

*Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. Crore.  
PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation*

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: Not applicable**

### Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	Feb 27, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
<b>Fund-based-Cash credit</b>	Long Term	15.90	[ICRA]BBB- (Stable)	Nov 25, 2024	[ICRA]BB+ (Stable)	Aug 21, 2023	[ICRA]BB (Stable)	May 31, 2022	[ICRA]BB (Stable)
<b>Unallocated limits</b>	Long Term/Short Term	1.10	[ICRA]BBB- (Stable)/ [ICRA]A3	Nov 25, 2024	[ICRA]BB+ (Stable)/ [ICRA]A4+	-	-	-	-
<b>Non-fund based- Others</b>	Short Term	3.00	[ICRA]A3	Nov 25, 2024	[ICRA]A4+	Aug 21, 2023	[ICRA]A4+	May 31, 2022	[ICRA]A4+
<b>Fund-based-Term loan</b>	Long Term			-	-	Aug 21, 2023	[ICRA]BB (Stable)	May 31, 2022	[ICRA]BB (Stable)

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based - Cash credit	Simple
Short-term - Non-fund based - Others	Simple
Unallocated limits	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

## Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term – Fund-based – Working capital	NA	NA	NA	15.90	[ICRA]BBB- (Stable)
NA	Short-term – Non-fund based – Bank guarantees	NA	NA	NA	3.00	[ICRA]A3
NA	Long-term/ short-term – Unallocated	NA	NA	NA	1.10	[ICRA]BBB-(Stable)/[ICRA]A3

Source: Company

[Please Click here to view details of lender-wise facilities rated by ICRA](#)

## Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Yaap Digital Private Limited	100.00% (rated entity)	Full Consolidation
FFC Information Solutions Pvt Ltd	100%	Full Consolidation
Brand Planet Consultants India Private Limited	100%	Full Consolidation
Intnt Asia Pacific Pte. Ltd.	100%	Full Consolidation
Oplifi Digital Pvt Ltd	100%	Full Consolidation
Yaap Digital FZE	100%	Full Consolidation

Source: Company

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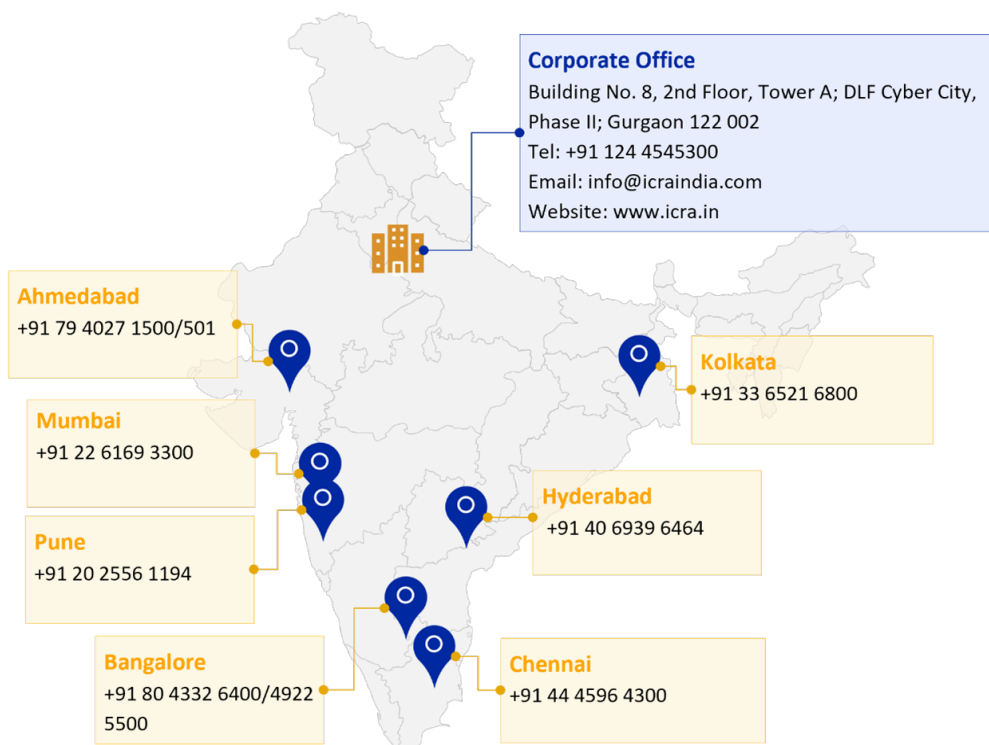


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