



SMC Ranking
 ★★☆☆☆ (2/5)

Issue Highlights

Industry	SaaS
Offer for sale (Shares)	38,672,208
Net Offer to the Public	38,672,208
Issue Size (Rs. Cr.)	290-310
Price Band (Rs.)	75-80
Offer Date	10-Oct-22
Close Date	12-Oct-22
Face Value	1
Lot Size	185

Issue Composition

	In shares
Total Issue for Sale	38,672,208
QIB	29,004,156
NIB	5,800,831
Retail	3,867,221

About the company

Founded in 2013, Tracxn Technologies provides market intelligence data for private companies. The company's extensive global database and customized solutions and features allow its customers to source and track companies across sectors and geographies to address their requirements. The company is ranked among the top five players globally in terms of the number of companies profiled offering data on private market companies across sectors and geographies. The company has an asset light business model and operate a Software as a Service ("SaaS")-based platform, Tracxn, that scanned over 662 million web domains, and profiled over 1.84 million entities across 2,003 Feeds categorized across industries, sectors, sub-sectors, geographies, affiliations and networks globally, as of May 31, 2021. The company has 3,271 users across 1,139 Customer Accounts in over 58 countries, as of June 30, 2022, and its customers include several Fortune 500 companies and/or their affiliates. The company offers private company data to its customers for deal sourcing, identifying M&A targets, deal diligence, analysis, and tracking emerging themes across industries and markets, among other uses, through its Tracxn platform.

Shareholding Pattern (%)

Particulars	Pre-issue	Post-issue
Promoters & promoters group	50.93%	36.76%
QIB	0.00%	20.87%
NIB	49.07%	39.59%
Retail	0.00%	2.78%
Total	100.00%	100.00%

*calculated on the upper price band

Objects of the Issue

To achieve the benefits of listing the equity shares on the Stock Exchanges and the sale of up to 38,672,208 Equity Shares by the selling shareholders.

Strength

Leading global provider of differentiated private market data and intelligence: The company is one among the leading private market intelligence providers for private company data globally and ranks among the top five players globally in terms of number of companies profiled that offer private market data across sectors and geographies. Its extensive global database coupled with customized solutions and features allows customers to source and track companies across sectors and geographies to address their requirements. Its platform offers detailed coverage of company information that includes company profiles, funding rounds, capitalization tables, financials and valuation, news, team size and trends, competition mapping and information about founders.

Diverse, longstanding and growing global customer base: The company has a diverse base of 1139 customer accounts present in over 58 countries, as of June 30, 2022. Its customer account base has increased by 450 customer accounts at a CAGR of 30.42% in the last three Fiscals, from 642 customer accounts as of March 31, 2020, to 1,092 customer accounts as of March 31, 2022, and further to 1,139 customer accounts, as of June 30, 2022, due to marketing efforts and referrals by existing customers. Some of these customer accounts are for customers that include 'Fortune 500' companies and/or its affiliates such as Unilever Industries Private Limited. Its global customer base helps the company limit its dependency on a specific customer, industry or geography thereby reducing financial and concentration risk.

Scalable and secure technology platform conceptualized and developed in-house:

The company's platform, based on a combination of technology and human analysts, can process vast amounts of data. The company conceptualized and developed its platform in-house, and it is designed to be scalable and reliable providing the company flexibility to launch new features as per its internal product road map. The platform has been designed and built primarily using new-age technologies, for hosting on cloud infrastructure. The company is a data and market intelligence platform with over a million curated entity profiles mapped to over 49,000 different business models, searchable in near real-time through a set of search tools built in-house using an open search engine and analytics solution. In addition, the company has built a range of business and workflow tools like an inbuilt CRM tool, custom dashboard builder and tools for sourcing, tracking companies,

Book Running Lead Manager

- IIFL Securities Limited

Name of the registrar

- Link Intime India Private Limited

portfolio tracking, API support, browser extensions, and ability to save searches and provide alerts and export tools. The company also offers enterprise grade support for customer queries with personalized support over chat, email, and instant messaging applications.

Significant cost advantages from India-based operations: Tracxn is an Indian SaaS company and its platform Tracxn serves customers globally. Its ability to develop and deploy the platform in India provides the company with significant cost advantages. Service providers, especially those operating in regions like India have a cost advantage as their pricing is much more competitive than their global competitors. Remuneration is 10 times lower than the USA and around 6 times lower than the UK. Due to the cost advantage, the company may continue to grow in different geographies and offer additional services.

Strategies

Continue to grow account base: The company's Customer Accounts has increased from 642 Customer Accounts, as of March 31, 2020, to 855 Customer Accounts, as of March 31, 2021 and to 1,092 Customer Accounts as of March 31, 2022, and it had 1,139 Customer Accounts, as of June 30, 2022. Private equity firms, venture capital firms and investment banking companies have been the biggest adopters of private market data services. Apart from private equity, venture capital firms and investment banks, the funding arms of M&A subsidiaries of large corporates have been one of the next biggest users of private market data services. With the growing users of private market data, the company intends to capitalize on the opportunity to serve the growing market by continuing to grow their customer base.

Expand share of revenues among existing customers: The company has devoted significant attention and resources to being able to understand the behavior, preferences and trends of its customers and markets through research and its automated data extraction engines. This gives the company a distinct perspective that it brings to its platform. With this approach, the company aims to be able to address other aspects of its customers' operating and growth strategy.

Continue to grow platform to offer additional services: The company intends to continue to focus on expanding modules and data on its platform. As of June 30, 2022, the company had 81 employees in its technology and product development team focused on developing product enhancements. The company is developing tools that will integrate into its existing platform allowing its customers to use its platform as a single source for its requirements.

Expand into adjacent customer segments: The company intends to modify its existing platform to offer additional features and modules to enable it to tap into these segments thereby expanding its total addressable market. To this end, the company obtains customer feedback regularly as well as includes modules in the product road map that makes its platform more relevant for its customers' defined use cases. The company also intends to provide additional specialized modules to customers for incremental utilization of its platform. The company believes this will allow it to add new customer segments and utilize its existing data with incremental coverage of data points to provide such additional modules without incurring significant additional costs or effort.

Risk factor

- If the company fails in attracting new clients, maintaining existing clients or expanding users within existing customer accounts will have an impact on the company's revenue and profitability.
- Interruptions or performance problems associated with the platform will have an adverse impact on the company's business and financial condition.
- The market for private market intelligence is competitive, rapidly evolving, and fragmented.

Peer comparison

As per the company, it has no listed entities in India, the business portfolio of which is comparable with its business.

Valuation

Considering the P/Sales valuation, on the upper end of the price band of Rs.80, the stock is priced at pre issue P/Sales of 12.65x on FY22 sales per share of Rs.6.33. Post issue, the stock is priced at a P/Sales of 17.52x on its sales per share of Rs.4.57. Looking at the P/B ratio at Rs.80, pre issue, book value of Rs. 2.29 of P/Bvx 34.92x. Post issue, book value of Rs. 1.71 of P/Bvx 46.68x.

Considering the P/Sales valuation, on the lower end of the price band of Rs.75, the stock is priced at pre issue P/Sales per share of 11.86 on FY22 sales per share of Rs.6.33. Post issue, the stock is priced at a P/Sales per share of 16.43x on its sales per share of Rs.4.57. Looking at the P/B ratio at Rs.75, pre issue, book value of Rs.2.29 of P/Bvx 32.75x. Post issue, book value of Rs. 1.71 of P/Bvx 43.76x.

Industry Outlook

B2B Information services market has seen strong growth over the recent past. The growth has been mostly triggered by increasing demand for accurate decision making along with increase in professional knowledge workers globally. With business prospects looking much better in 2022, companies are not holding back their budgets when it comes to investments. Demand for these services has picked up as more and more businesses and investment firms are likely to use these services even more extensively. The growth prospects of the B2B information services companies are likely to continue to grow as businesses are looking to consolidate and will be keener to explore new start-ups, private companies and geographies to invest in which suits their business strategies.

Outlook

The company is one of the leading market intelligence-providing platforms. It offers customers private company data for deal sourcing, identifying M&A targets, deal diligence, analysis and tracking emerging themes across industries and markets, among other uses, through subscription-based platform. Attrition at the company continues to remain at elevated levels and added that the company uses open-source software, which could be subject to litigation. The company has posted annual losses till the last fiscals. The entire IPO is to offer for sale as investors want to exit.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	10-October-22
BID/ISSUE CLOSES ON	12-October-22
Finalisation of Basis of Allotment with the Designated Stock Exchange	17-October-22
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	18-October-22
Credit of Equity Shares to demat accounts of Allottees	19-October-22
Commencement of trading of the Equity Shares on the Stock Exchanges	20-October-22

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended	Period ended	Period ended
	30-Jun-22 (3 Months)	31-Mar-22 (12 Months)	31-Mar-21 (12 Months)
Revenue from operations	18.40	63.45	43.78
Total expenditure	18.22	65.37	60.84
Operating Profit	0.19	-1.92	-17.06
OPM%	1.01	-3.02	-38.97
Other Income	0.68	1.70	11.96
PBDIT	0.86	-0.21	-5.10
Depreciation	0.02	0.15	0.25
PBIT	0.84	-0.36	-5.35
Interest	0.00	0.00	0.00
Restated Profit before Exceptional Items	0.84	-0.36	-5.35
Exceptional Items	0.00	4.49	0.00
Restated Profit before tax	0.84	-4.85	-5.35
Tax	0.00	0.00	0.00
Profit & Loss before Share of Post-acquisition Profit of Associate	0.84	-4.85	-5.35

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 30-Jun-22	As on 31-Mar-22	As on 31-Mar-21
Non-current assets			
Property, plant and equipment	0.34	0.27	0.27
Intangible assets	0.00	0.00	0.00
Current tax assets (net)	5.07	4.53	2.57
Other non-current assets	0.00	0.00	0.01
Total non-current assets	5.41	4.79	2.84
Current assets			
Investments	19.35	16.40	16.76
Trade receivables	7.41	7.17	5.69
Cash and cash equivalents	1.94	3.19	1.80
Other financial assets	22.36	22.11	21.15
Other current assets	0.32	0.35	0.22
Total current assets	51.38	49.22	45.61
Total Assets	56.78	54.01	48.46
Non-current liabilities			
Financial liabilities			
Contract liabilities	0.11	0.11	0.09
Employee benefit obligations	3.48	3.42	2.79
Total financial liabilities	3.58	3.53	2.88
Current liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	0.01	0.00	0.01
Total outstanding dues of creditors other than micro enterprises and small enterprises	0.64	0.66	1.41
Other Financial liabilities	0.17	0.19	0.14
Contract liabilities	26.00	25.44	19.41
Employee benefit obligations	1.67	1.62	1.30
Other current liabilities	1.72	1.94	1.09
Total current liabilities	30.22	29.85	23.36
Total	33.80	33.37	26.24
NET Worth	22.98	20.64	22.22
Net worth represented by:			
Share capital	10.03	10.03	0.11
Instruments entirely equity in nature	0.00	0.00	0.79
Reserves and surplus	12.95	10.61	21.33
Net Worth	22.98	20.64	22.22

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

E-mail: smc.care@smcindiaonline.com



Moneywise. Be wise.

Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park, A Wing 401/402, 4th Floor,
Graham Firth Steel Compound, Off Western
Express Highway, Jay Coach Signal, Goreagon
(East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-67341697

Kolkata Office:
18, Rabindra Sarani, Poddar Court, Gate No-4,
5th Floor, Kolkata - 700001
Tel.: 033 6612 7000/033 4058 7000
Fax: 033 6612 7004/033 4058 7004

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