

IPO Details		Company Background					
Opening Date	Dec 21, 2023	<ul style="list-style-type: none"> Trident Techlabs Limited was originally incorporated in the year 2000 and has its registered office in Rani Jhansi Road, New Delhi, India. The company offers custom-built technology solutions to corporates in the aerospace, defence, automotive, telecom, semiconductor and power distribution sectors. The company has two business verticals i.e. Engineering Solutions and Power System Solutions. The Company provides technical education to (i) the technology teams of the customers; (ii) certain institutions with whom the company has tied up and (iii) other trainings to newly qualified engineers on specific job-related aspects. As of 14th December 2023, the Company had 84 employees on its payroll. 					
Closing Date	Dec 26, 2023						
Stock Exchange	NSE SME						
Lot Size	4,000 Shares						
Issue Price	₹ 33 to ₹ 35 per share						
Issue Size	Aggregating up to 16.03 Cr.						
Fresh Issue	Aggregating up to 16.03 Cr.						
Offer for Sale	-						
Application Amount	₹ 1,40,000						
IPO Objective							
To meet Working Capital Requirements.							
General Corporate Purpose.							
Pre-Issue Shareholding			Market Capitalization (In Cr.)				
Category	No. of Shares	% of Total Shares	Pre-Issue	Post-Issue			
Promoter & Promoter Group	1,17,46,476	92.48%	₹ 44	₹ 60			
Public	9,54,588	7.52%					
Promoter of the Company			Financial Summary (In Lacs)				
1	Sukesh Chandra Naithani		For the Period Ended	Mar-21	Mar-22	Mar-23	Oct-23
2	Praveen Kapoor		Total Assets	5,913.29	5,544.66	4,981.46	6,144.08
			Net Assets	1,270.24	1,334.73	1,889.54	2,470.68
			Total Borrowings	3,044.34	2,959.99	2,299.60	2,532.47
			Total Revenue	2,833.98	2,987.80	6,824.16	2,114.33
			Profit After Tax	-32.59	64.49	554.81	266.13
Competitive Strengths			Tentative Timeline				
1	Wide product portfolio of customised products, tools and services.		Opening Date	Dec 21, 2023			
2	Strong relationship with a diverse customer base.		Closing Date	Dec 26, 2023			
3	Strong and customer-centric support services provided in the Engineering and Power Systems Solutions Space.		Basis of Allotment	Dec 27, 2023			
4	360-degree knowledge and experience in various industries.		Initiation of Refunds	Dec 28, 2023			
5	Experienced Promoters and Senior Management Team.		Credit of Shares to Demat	Dec 28, 2023			
			Listing Date	Dec 29, 2023			

Company Background and Analysis

The Company was originally incorporated on 9, May 2000. The company offer custom-built technology solutions to corporates in the aerospace, defence, automotive, telecom, semiconductor and power distribution sectors. The company have a team of about 84 qualified staff members including 36 engineers and professionals with a country-wide network of offices offering technology solutions to clients, both in India and overseas, 18 Personnel for Sales and Marketing, and 30 for other Administrative and Miscellaneous staff.

The Company has business alliances with the OEMs of various computer-aided engineering tools, from whom these tools are sourced by the Company and supplied to the market in India with a variety of value-added services, ranging from training on usage of the tool, its maintenance in the IT ecosystem of the users, its application to real-life projects as well as on-site deployment of manpower for accomplishment of client's projects, in part or total, etc.

The company provides technical education to (i) the technology teams of the customers; (ii) certain institutions with whom the company has tied up and (iii) other training to newly qualified engineers on specific job-related aspects. This activity is not a high revenue generating activity for the Company and is usually provided as a support service to customers or to generally impart knowledge to aspiring technicians.

The company have two business verticals i.e. Engineering Solutions and Power System Solutions and the revenue bifurcation regarding the same is given below -

1. Engineering Solutions Division – The company provides a wide spectrum of design automation tools for engineers working in the areas of electronics, mechanical engineering and instrumentation engineering. These solutions find application in various departments of government agencies and establishments working in aerospace, defence, automotive, semiconductor sector and the power sector.
2. Power Solutions Division – The company provides engineering services to the power distribution industry. The Company is mainly focused on providing specialized engineering and managerial services to the power sector in various fields like Transmission Systems planning and studies, Distribution Systems planning and studies, Industrial Power Systems planning and studies etc. The Power Solutions is further subdivided into two sub-groups viz. Pre-packaged Designed Tools and Engineering Consultancy Services.

(Amount in Cr.)

Particulars	Mar-22				Mar-23				Sep-23			
	Govt	(%)	Private	(%)	Govt	(%)	Private	(%)	Govt	(%)	Private	(%)
Power Solution Group	12.93	0.47	1,284.71	46.99	44.00	0.65	682.69	10.14	-	-	1,711.14	81.41
Engineering Solution Group	718.17	26.27	718.17	26.27	5,451.22	80.95	556.38	8.26	174.09	8.28	216.70	10.31
Total Sale	731.09	26.74	2002.88	73.26	5,495.22	81.60	1,239.07	18.40	174.09	8.28	1,927.85	91.72
Total	2,733.97				6,734.29				2,101.94			

To conclude, the company was incorporated in the year 2000. The company generates the majority of its revenue from the Government Engineering Solution Group.

Business Strategies

1. Further expanding the services into the international markets -

The company intends to build its presence in these regions and be a part of the technology revolution that is currently underway in these regions which has for decades relied on fossil fuels for their growth and development.

2. Expansion of the Power Systems Solutions Portfolio -

With the launch of schemes like the Revamped Distribution Sector Scheme (RDSS) funded by the Government of India, Ministry of Power, there has been increasing scrutiny of the performance of state-owned power distribution companies in India, who have been in the financial red for a long. Therefore, these power distribution utilities need the services of the Company on a sustained basis to set their house in order.

3. Further expansion and enhancement of the Engineering Solutions in the defence and aerospace sector -

Going forward, when the sub-system level design activities pick momentum, this is bound to create a spurt in the need for design software and support services that the Company provides. The business association of the Company with prominent players in the defence industry is expected to create a significant opportunity for the Company in the near future.

4. Continue to enhance the core strengths by attracting, retaining and training qualified personnel -

The company seeks to improve competitiveness by increasing the focus on training the people. The company offers the engineering and technical personnel a wide range of work experience and learning opportunities by providing them continuous training in the latest systems, techniques and knowledge upgradation.

5. Focus on increasing revenues by leveraging core competencies and growing the business -

The company intends to leverage this expertise and provide engineering solutions to potential clients in defence and other non-defence sectors. The company intends to grow the portfolio of Engineering Solutions with new and updated tools, designs and solutions to the clients, to allow them to expand the revenues from the sale of the Engineering Solutions and services.

Competitive Scenario and Peer Mapping

Competition

The company operates in a competitive atmosphere. The Company may face stiff competition from domestic as well as global markets as the dynamic changes. The company expects competition to intensify as technological advances and consolidations continue. The company's competition depends on various factors, such as the type of project, potential margins and complexity. The company has a moderate barrier to entry. The bargaining power with the customers is medium in the sector in which the company operates. The bargaining power with the suppliers is high in this sector.

Peer Analysis

The company believes they do not have any listed peers for comparison as per the offer document.

Industry Overview

Exhibit 1: Growth trajectory of power demand to continue over the long run.

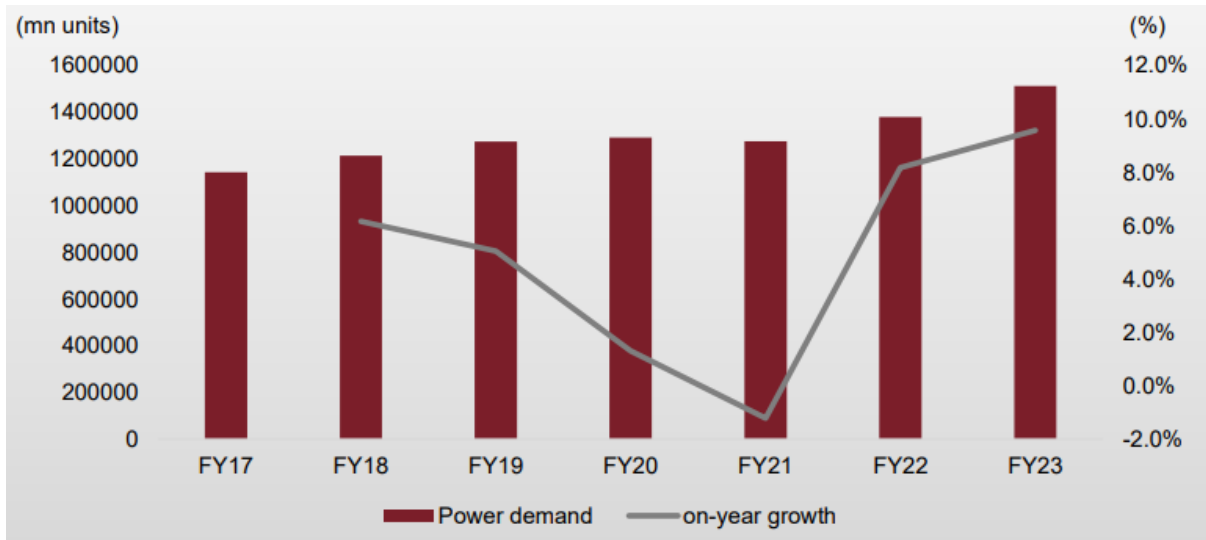
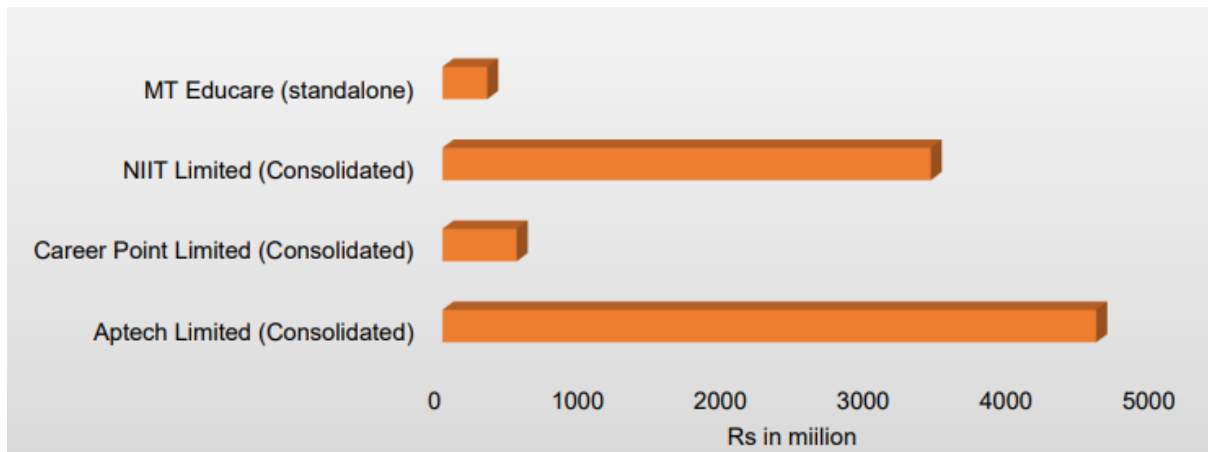


Exhibit 2: Overview of players in the digital learning space.



(Source: prospectus)

Power sector outlook (Power Solution Division) -

Power demand, which is closely linked to the gross domestic product (GDP) growth, has historically lagged GDP growth by 1-2 percentage points but has bucked the trend in fiscals 2021, 2022 and 2023. Fiscal 2023 saw a 9.6% increase in power demand despite a high base of 8.18% in fiscal 2022. Along with extreme seasonal vagaries, GDP grew at 7.2% in fiscal 2023 which accelerated power demand as this also came on a higher base of 9.1% in fiscal 2022. Governments outlay for the power sector has increased by 24% for fiscal 2024 over the revised estimates of fiscal 2023 whereas infrastructure related spending has increased by 17% as per the latest union budget.

Infrastructure linked capex, strong economic fundamentals along with expansion of the power footprint via strengthening of transmission and distribution (T&D) infrastructure coupled with major reforms initiated by the central government for improving the overall health of the power sector, particularly that of state distribution utilities, are expected to improve the quality of power supply, thereby spurring power demand. Power demand intensified in the first quarter of fiscal 2023 owing to record high temperatures raging through the nation, apart from continued momentum in economic activity. Consequently, power demand registered a more than 9% on-year growth fiscal 2023 despite a high base in two consecutive years.

Education sector outlook (Engineering Solution Division) -

In India, the education industry can broadly be classified into two categories: formal and informal. The formal category comprises kindergarten to grade 12 (K-12) school education, and higher education (including graduation and postgraduation courses). The formal category is heavily regulated by the government and profits earned here cannot be distributed to the providers of capital as dividends or otherwise. The informal category largely comprises segments such as pre-schools, coaching and test prep, vocational training, digital education, and publishing

The education industry in India is estimated to be INR 13,500-14,500 billion in fiscal 2024. The largest share of the pie is taken by the formal segment at 57%, with K-12 and higher education contributing 35% and 22% respectively. With recovering demand, the formal segment is largely expected to back the growth in the industry with estimated of compound annual growth rate CAGR 2-3% between fiscal 2018 to 2022. With high base of fiscal 2023, the industry is expected have a moderate growth of 10-15% in fiscal 2024. The formal and informal segments are projected to grow at 5-10% and 15-20%, respectively.

Due to natural causes (increase in eligible population) and efforts of the government, the overall enrolments are expected to increase. However, enrolments in courses such as engineering and management are expected to suffer, continuing the past trend, due to intense competition for selecting few institutions, lack of infrastructure and quality of the faculty. Medical education programs are expected witness higher enrolments due to higher demand and new colleges being set-up.

(Source: prospectus)

Key Managerial Personnel

Sukesh Chandra Naithani, aged 57, is one of the Promoters and CEO, and CFO of the company. He holds a bachelor's degree in science. He has more than 23 years of experience in dealing in the business of Information Technology and Electronics. He is actively involved in strategic marketing of infotech, electronic products and tech education services whereby he is promoting engineering system simulation at numerous engineering colleges, laboratories and private industry.

Praveen Kapoor, aged 55, is one of the Promoters, and Managing Director of the Company. He holds a bachelor's degree in electrical engineering. He has over 23 years of experience in marketing solutions and services in Electrical and Electronics Engineering.

Sarad Chandra Naithani, aged 60, is the Chairman and Non-Executive Director of the company. He holds a graduate degree in Economics. He has an experience of over 15 years of overseeing all business development, marketing, and management of account relationships for the Company. His core expertise in tapping prospects, analyzing their requirements and negotiating (commercially) for the orders flourishes the business in new profitable directions.

Tushar Bhanudas Barole, aged 47, is the Non-Executive Director and Chief Technology Officer of the Company. He holds a bachelor's degree in electrical engineering. He has over 23 years of experience in the field of Business Development for Power System Engineering & and solutions in the Power and industrial sector and Technical Education.

George Anil Dsilva, aged 50, is the Non-Executive Director and Chief Technology Officer of the company. He is a Qualified Electronics and Communication Engineer. He has over 23 years of experience in the field of Business Development for Power System Engineering & and solutions in the Power and industrial sector, Technical Education, strategic planning and operational efficiency.

Subhash Chand Gupta, aged 61, is the Independent Director of the Company. He has over 35 years of banking experience, coupled with remarkable strategic acumen and strong leadership abilities. He holds a Bachelor of Commerce (Hons.), and CAIIB certification from the Indian Institute of Banking and Finance.

Sweety Khatreja, aged 40, is the Independent Director of the Company. He has a diverse professional journey spanning more than 15 years, encompassing expertise in Accounts, Finance, Human Resources, and a brief but valuable stint in the Education sector. She holds a bachelor's degree in commerce and an MBA degree in Human Resource Management.

Neha Nimesh Shah, aged 38, is the Independent Director of the Company. She possesses a wealth of experience spanning two decades. She holds a degree in graduate in commerce and a postgraduate diploma in Human Resource Management.

To conclude, the company has 2 promoters, and they have vast experience in the industry in which the company operates. The Directors of the company have good experience in the industry directly linked to the industry and in the fields which help in the growth of the company.

Financial Snapshot

Profit and Loss Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Oct-23
Revenue from Operations	2,819.73	2,974.34	6,734.71	2,101.92
Other Income	14.25	13.46	89.45	12.41
Total Income	2,833.98	2,987.80	6,824.16	2,114.33
Expenses				
Purchase of Stock-in-Trade	589.28	222.37	75.01	195.89
Direct Expenses	1,124.85	1,318.05	4,535.96	856.63
Change in inventories of finished goods, work in progress and stock in trade.	-194.22	134.98	19.76	-111.06
Employee benefits expense	447.81	545.14	649.56	358.34
Finance costs	404.82	299.13	272.40	171.17
Depreciation and Amortization expense	108.32	91.49	85.92	18.89
Other expenses	393.32	286.71	438.07	265.44
Total Expenses	2,874.18	2,897.87	6,076.68	1,755.30
Earnings Before Interest, Taxes, Depreciation & Amortization	458.69	467.09	1,016.35	536.68
EBITDA Margin	16%	16%	15%	26%
Profit/(Loss) before exceptional items and tax	-40.20	89.93	747.48	359.03
Exceptional Items	-	-	-	-
Profit/(Loss) before tax	-40.20	89.93	747.48	359.03
Tax Expense				
Current Tax	12.16	30.67	195.07	85.54
Deferred Tax Expenses / (credit)	-19.77	-5.23	-2.40	7.36
Total Tax Expense	-7.61	25.44	192.67	92.90
Profit/(Loss) for the year	-32.59	64.49	554.81	266.13
Net Profit Margin	-1%	2%	8%	13%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Oct-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	279.68	279.68	279.68	1,270.11
Reserve and Surplus	990.56	1,055.05	1,609.86	1,200.57
Total Equity	1,270.24	1,334.73	1,889.54	2,470.68
2. Non-current liabilities				
Long Term Borrowings	870.48	1,832.56	1,595.36	1,449.74
Deferred Tax Liabilities				
Long Term Provisions	63.72	64.21	51.12	38.65
Total Non-current liabilities	934.20	1,896.77	1,646.48	1,488.39
3. Current liabilities				
Financial Liabilities				
Short-term borrowings	2,173.86	1,127.43	704.24	1,082.73
Trade payables				
Due to MSME				
Due to Others	950.90	516.87	413.31	610.22
Other Current Liabilities	557.44	641.00	267.40	465.77
Short-term Provisions	27.05	27.86	60.49	26.29
Total Current liabilities	3,709.25	2,313.16	1,445.44	2,185.01
Total Liabilities	4,643.45	4,209.93	3,091.92	3,673.40
Total Equity and Liabilities	5,913.69	5,544.66	4,981.46	6,144.08
ASSETS				
1. non-current assets				
Property, Plant and Equipment				

Tangible Assets	98.44	89.14	155.67	149.12
Intangible Assets	147.42	70.22		
Non-Current Investments	6.23	11.22	10.22	10.22
Deferred Tax Assets (Net)	44.81	50.05	52.45	45.08
Long-term Loans and Advances	42.27	39.29	12.38	99.02
Other non-current assets	118.17	118.05	115.64	117.27
Total non-current assets	457.34	377.97	346.36	420.71
2. Current assets				
Inventories	311.57	176.59	156.83	267.89
Trade receivables	3,959.23	4,039.11	3,745.23	3,436.89
Cash and Bank Balances	378.52	188.85	187.23	1,316.96
Short-term loans and advances	264.89	291.96	210.13	596.27
Other Current Assets	541.74	470.18	335.68	105.36
Total Current assets	5,455.95	5,166.69	4,635.10	5,723.37
Total Assets	5,913.29	5,544.66	4,981.46	6,144.08

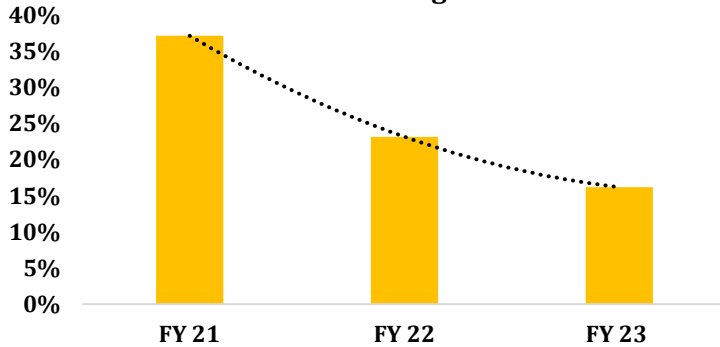
Cash Flow Statement				
(In Lacs)				
Particulars	FY 21	FY 22	FY 23	Oct-23
Net Cash Flow from Operating Activities	-321.03	244.16	1,004.37	760.52
Net Cash Flow from Investing Activities	-6.28	-8.61	-80.26	-12.34
Net Cash Flow from Financing Activities	186.30	-383.48	-932.79	376.70

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Oct-23*
<u>Per Share Data</u>				
Diluted EPS	-0.28	0.55	4.72	2.67
BV per share	7.35	7.72	10.93	24.70
<u>Operating Ratios</u>				
EBITDA Margins	16.27%	15.70%	15.09%	25.53%
PAT Margins	-1.15%	2.16%	8.13%	12.71%
Inventory days	40.33	21.67	8.50	27.27
Debtor days	512.50	495.66	202.98	349.92
Creditor days	588.99	848.39	2,011.17	666.63
<u>Return Ratios</u>				
RoCE	16%	12%	26%	13%
RoE	-3%	5%	29%	11%
<u>Valuation Ratios (x)</u>				
EV/EBITDA	8.58	8.79	3.94	5.85
Market Cap / Sales	2.15	2.03	0.90	1.68
P/E	-125.00	63.64	7.42	13.13
Price to Book Value	4.76	4.53	3.20	1.42
<u>Solvency Ratios</u>				
Debt / Equity	2.40	2.22	1.22	1.03
Current Ratio	1.47	2.23	3.21	2.62
Quick Ratio	1.39	2.16	3.10	2.50
Asset Turnover	0.48	0.54	1.35	0.34
Interest Coverage Ratio	0.87	1.26	3.42	3.03

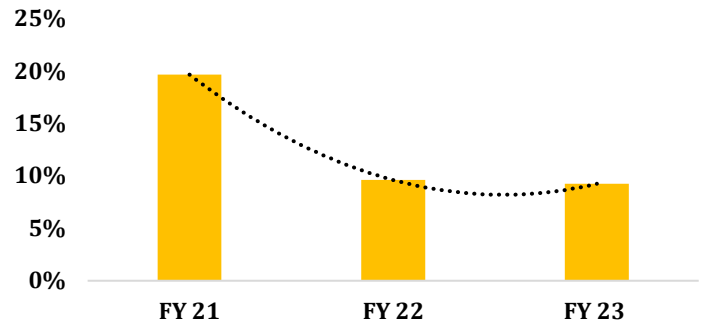
*Ratio sheet for Oct-23 is annualized.

Financial Charts

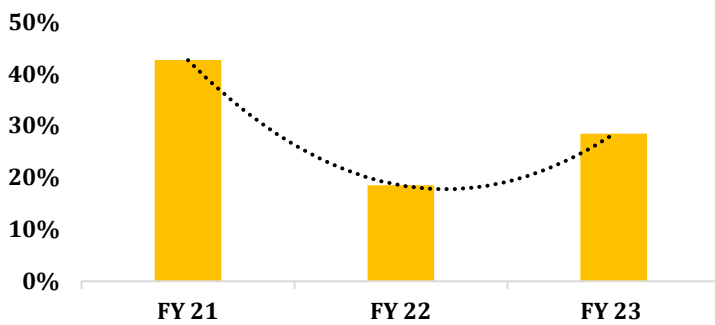
EBITDA Margin



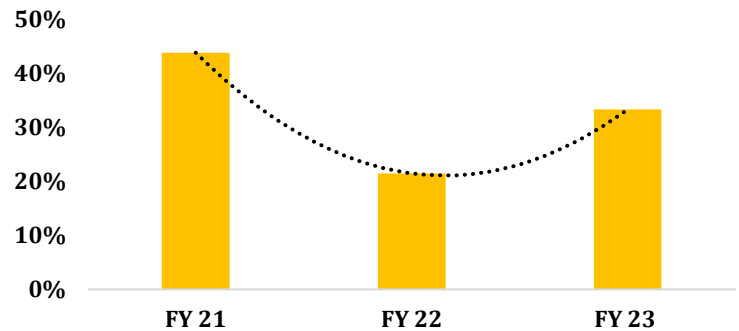
Net Profit Margin



Return On Capital Employed



Return on Equity



Key Risk Factors

1. The company's top 05 clients contributed 69.32%, 86.73%, 57.21% and 41.63% of the aggregate revenues for the period ended on October 31, 2023, and the financial year ended March 31, 2023, 2022 and 2021, respectively. Any loss of business from them may adversely affect the revenues and profitability.
2. The company has experienced negative operating cash flow for the FY ended 2021 and may continue to do so in the future, which could have a material adverse effect on the business, prospects, financial condition, cash flows and results of operations.
3. There are outstanding legal proceedings involving the Company amounting to Rs. 0.90 lakhs which may adversely affect the business, financial condition and results of operations.

Track Record of Lead Manager

The lead manager to the issue is GYR Capital Advisors Private Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

First Overseas Capital Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Maitreya Medicare Limited	14.89	82.00	November 07, 2023	121.00
2.	Basilic Fly Studio Limited	66.35	97.00	September 11, 2023	285.00
3.	Srivari Spices and Foods Limited	9.00	42.00	August 11, 2023	184.00
4.	Essen Speciality Films Limited	66.33	107.00	July 06, 2023	216.00
5.	MCON Rasayan India Limited	6.84	40.00	March 20, 2023	15.00
6.	Agarwal Float Glass India Limited	9.20	42.00	February 23, 2023	55.2
7.	Anlon Technology Solutions Limited	15.00	100.00	January 10, 2023	247.00
8.	Uma Converter Limited	18.41	33.00	December 29, 2022	29.6
9.	Pritika Engineering Components Limited	9.42	29.00	December 08, 2022	66.5
10.	Mafia Trends Limited	3.60	28.00	October 06, 2022	12.2

*CMP for the above-mentioned companies is taken as of 21st December 2023.

As per the offer document, GYR Capital Advisors Private Limited has had 17 mandates in the last three years (including the current year). For GYR Capital Advisors Private Limited, all the above-mentioned mandates have opened at premiums on the listing date.

Recommendation

The company has been in the industry since 2000 and has vast experience in the industry. The company's management overview is satisfactory. The company also faces significant competition in the industry.

The P/E on a post-IPO basis is 13.13 times which seems to be fairly priced by looking at the performance of the company.

The company has seen an exponential increase in the top line of its financials for the FY ended 2023 which may or may not sustain going forward. The company's profitability margins are on a downward trend over the years raising concerns about the sustainability of its sudden increase in the top line. The company has also had a loss during FY 2021. The financial outlook of the company is not satisfactory. Thus, we believe there is no harm in avoiding this IPO. Thus, we recommend **AVOID** applying to this IPO.

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