

IPO Details	
Opening Date	May 28, 2024
Closing Date	May 30, 2024
Stock Exchange	NSE SME
Lot Size	2,000 Shares
Issue Price	₹57 to ₹60 per share
Issue Size	Aggregating up to 32.52 Cr.
Fresh Issue	Aggregating up to 23.23 Cr.
Offer for Sale	Aggregating up to 9.29 Cr.
Application Amount	₹1,20,000

IPO Objective	
1. Building Up Technology Infrastructure for existing business	
2. Acquisition of Beacon RTA Services Private Limited and Making it a wholly owned subsidiary company thereon to commence the services of Depository Participant and Registrar & Share Transfer Agent	
3. Purchase of New Office Premises	
4. General Corporate Purposes	

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	96,34,553	67.88%
Public	45,58,360	32.12%

Promoters of the Company	
1. Prasana Analytics Private Limited	
2. Pratapsingh Indrajitsingh Nathani	

Competitive Strengths	
1. Legacy Advantages and Networking Capabilities	
2. Technological Proficiency	
3. Pan-India Presence and Global Reach	
4. Credibility and Trust	

Company Background	
○ Beacon Trusteeship Limited was incorporated in December 2015 as a public limited company with its registered office in Bandra, Mumbai, Maharashtra.	
○ They offer trustee services including Debenture Trustee Services, Security Trustee Services, and services for Alternate Investment Funds (AIFs), Employee Stock Option Plans (ESOPs), Securitization, Bonds, Escrow, and Safekeeping.	
○ The company has a strong geographical range by being present in 15+ cities.	
○ As of March 31, 2024, the company had a total of 76 employees on its payroll.	

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 85	₹ 108

Financial Summary (In Lacs.)			
For the Period Ended	Mar-22	Mar-23	Mar-24
Total Assets	1,685.14	2,254.30	2,696.56
Net Assets	1,016.53	1,401.17	1,917.53
Total Borrowing	-	-	-
Total Revenue	1,049.02	1,572.36	2,091.20
Profit After Tax	361.58	384.64	516.36

Tentative Timeline	
Opening Date	May 28, 2024
Closing Date	May 30, 2024
Basis of Allotment	May 31, 2024
Initiation of Refunds	June 3, 2024
Credit of Shares to Demat	June 3, 2024
Listing Date	June 4, 2024

Company Background and Analysis

Beacon Trusteeship Limited is a public limited company incorporated in December 2015 and registered with SEBI as a Debenture Trustee.

They offer a wide range of trustee services across various sectors, including Debenture Trustee Services, Security Trustee Services, and services for Alternate Investment Funds (AIFs), Employee Stock Option Plans (ESOPs), Securitization, Bonds, Escrow, and Safekeeping.

The company is managed by experienced professionals in investment banking, finance, and debt syndication. They act as an intermediary between issuers (companies raising capital) and investors, safeguarding investor interests and promoting transparency. Their services include due diligence, custodial services, monitoring compliance, documentation, disclosures, and record keeping. Beacon Trusteeship is ISO/IEC 270001:2022 certified for Information Security Management Systems, demonstrating secure operations.

Beacon Trusteeship has a strong presence across India. They have regional offices or signatories in over 15 cities, including major metros like Mumbai, Delhi, Chennai, and Bangalore. They recently expanded to Gujarat International Finance Tec-City (GIFT City), an International Financial Services Centre (IFSC), to gain a competitive edge.

The company offers various trustee services. As a Debenture Trustee, they ensure compliance with SEBI regulations and protect investor interests. As a Trustee to AIFs, they manage the AIF structure and act in the best interests of the beneficiaries. As a Securitization Trustee, they manage the securitization process to ensure timely investor payouts and adherence to agreements. Beacon Trusteeship also provides Escrow and Monitoring Agent services to ensure secure transactions. They maintain strict confidentiality regarding client information and utilize a Structured Digital Database to monitor Unpublished Price Sensitive Information.

The Revenue Bifurcation of The Company as per Services Offered and as per Geographical Region are provided below –

(Amount in Lacs)

Particulars	Mar-22		Mar-23		Mar-24	
	Amt	%	Amt	%	Amt	%
Alternative Investment Fund	137.74	13.73	167.90	11.34	194.10	9.75
Bond Trustee	14.45	1.44	16.88	1.14	19.02	0.96
Debenture Trustee	601.65	59.99	830.62	56.10	917.24	46.06
Escrow Agent	37.37	3.73	46.51	3.14	91.21	4.58
Other Services	10.00	1.00	37.17	2.51	14.47	0.73
Security Trustee	91.21	9.09	205.47	13.88	501.42	25.18
Securitization	110.48	11.02	176.01	11.89	254.11	12.76
Total	1,002.90	100.00	1,480.56	100.00	1,991.57	100.00

(Amount in Lacs)

Particulars	Mar-22		Mar-23		Mar-24	
	Amt	%	Amt	%	Amt	%
Himachal Pradesh	2.24	0.22	4.73	0.32	3.62	0.18
Punjab	3.24	0.32	4.69	0.32	5.94	0.30
Chandigarh	0.06	0.01	-	-	-	-
Uttarakhand	-	-	-	-	5.19	0.26
Haryana	32.39	3.23	37.77	2.55	52.83	2.66
Delhi	116.07	11.57	99.21	6.70	109.01	5.49
Rajasthan	16.12	1.61	18.32	1.24	16.91	0.85
Uttar Pradesh	27.45	2.74	30.80	2.08	36.82	1.85
Bihar	1.18	0.12	3.28	0.22	8.07	0.41
West Bengal	23.20	2.31	0.40	0.03	3.56	0.18
Odisha	0.87	0.09	2.35	0.16	8.73	0.44
Chhattisgarh	1.49	0.15	1.10	0.07	2.71	0.14
Madhya Pradesh	4.19	0.42	5.04	0.34	2.70	0.14
Gujarat	65.20	6.50	53.53	3.62	53.14	2.68
Daman & Diu	1.25	0.12	-	-	-	-
Dadra Nagar Haveli	2.80	0.28	-	-	-	-
Maharashtra	583.00	58.13	996.66	67.32	1,341.54	67.57
Karnataka	47.03	4.69	69.09	4.67	139.61	7.03
Kerala	-	-	8.09	0.55	4.01	0.20
Tamil Nadu	41.25	4.11	100.27	6.77	122.40	6.17
Telangana	22.81	2.27	11.99	0.81	21.11	1.06
Andhra Pradesh	8.61	0.86	26.11	1.76	29.17	1.47
Ladakh	-	-	0.50	0.03	-	-
Singapore	0.33	0.03	3.60	0.24	2.25	0.11
GIFT City	2.13	0.21	3.02	0.20	16.08	0.81
Total	1,002.91	100.00	1,480.55	100.00	1,985.40	100.00

To summarize, Beacon Trusteeship Limited, established in 2015, is a SEBI-registered Debenture Trustee offering various financial services across India. They act as an intermediary between investors and companies, safeguarding investor interests through services like due diligence and monitoring compliance. With a presence in over 15 Indian cities and a recent expansion to GIFT City, they manage Debenture Trusteeships, AIFs, Securitization, and Escrow services, all while prioritizing information security and client confidentiality.

The company has proposed to invest in technological infrastructure and expand its service operations domestically and internationally from the Net offer proceeds. The company acquired Beacon Investor Holdings Private Limited (Formerly known as Beacon RTA Services Private Limited) as a Wholly Owned Subsidiary on April 05, 2024, and will be making an Investment through Equity for the License of Depository Participant and Registrar & Share Transfer Agent.

Business Strategies

- 1. Customer Focus:** Understand the needs and wants of target customers. Develop a customer-centric approach to service delivery. Continuously improve customer satisfaction and loyalty.
- 2. Service Excellence:** Design and deliver high-quality services that meet or exceed customer expectations. Implement efficient processes and technologies to enhance service delivery. Invest in employee training and development to ensure service expertise.
- 3. Differentiation:** Identify unique selling propositions (USPs) that distinguish the company from competitors. Develop innovative service offerings that cater to specific customer needs. Establish a strong brand reputation for quality and reliability.
- 4. Operational Efficiency:** Optimize resource allocation and utilization to minimize costs. Implement lean management principles to streamline processes. Leverage technology to automate tasks and improve productivity.
- 5. Employee Engagement:** Foster a positive and motivating work environment. Empower employees to contribute to service excellence. Recognize and reward employee achievements.
- 6. Market Expansion:** Identify new market opportunities for service offerings. Develop strategies to penetrate new markets and customer segments. Expand geographical reach through strategic partnerships or acquisitions.
- 7. Innovation and Adaptation:** Continuously innovate and adapt services to meet changing customer needs. Stay abreast of industry trends and emerging technologies. Embrace change and be agile in responding to market dynamics.
- 8. Financial Management:** Implement sound financial management practices to ensure profitability. Develop a pricing strategy that balances profitability and customer satisfaction. Track and manage key financial metrics to make informed decisions.
- 9. Reputation Management:** Cultivate a positive brand image and reputation. Manage customer feedback and address concerns promptly. Engage in community outreach and social responsibility initiatives.
- 10. Long-term Vision:** Develop a clear vision for the future of the company. Set ambitious yet achievable goals and objectives. Align strategic initiatives with long-term goals.

Competitive Scenario and Peer Mapping

Competition

The competition emerges from the organized sector and both small and big National and International players for Beacon Trusteeship Limited. In an adverse and competitive market scenario also they can maintain their sustainable steady growth rate owing to their planned structure of operational & financial policies. Their experience in this business has enabled them to provide quality services in response to Clients' demand for the best quality of services promptly and at the most economical prices. Moreover, there are minimal entry barriers in this industry and any expansion in the capacity of existing service providers would further intensify competition.

Peer Analysis

As per the RHP, the Company doesn't have any Listed Peers in India or Abroad, making it difficult to compare with the Industry.

Industry Overview

Exhibit 1: Outstanding Market Size of Indian Debt Market and its Growth

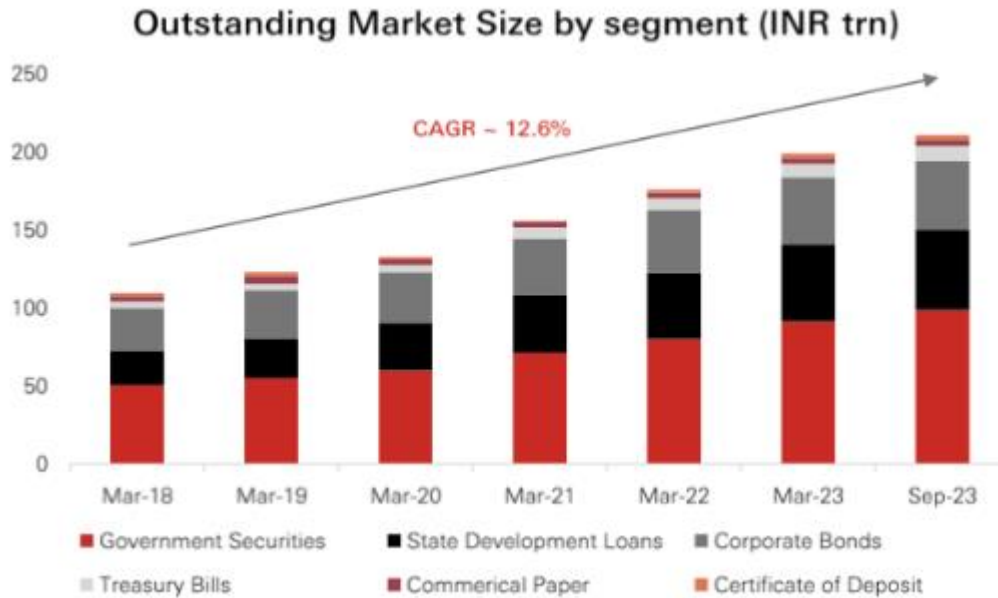
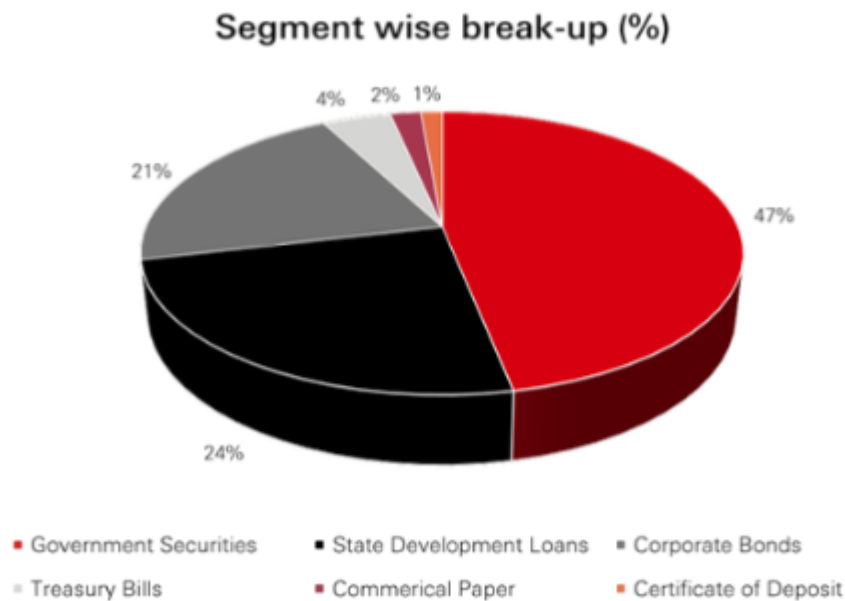


Exhibit 2: Segment Wise Break-up of Debt Instruments in the Market (%)



(Source: Prospectus)

Indian Debt Market:**Market Size and Growth:**

- The Indian debt market is substantial, with a bond market size of around \$2.34 trillion (as of Mar-22).
- Government bonds dominate the market (78%), but corporate bonds are growing rapidly (22%).
- Over the past five years, total outstanding bonds have increased by 77%, with corporate bonds growing by 53%.

Significance of the Debt Market:

- Provides a cost-effective way for governments and corporations to raise funds.
- Enhances asset-liability management for the banking system.
- Promotes efficient capital allocation, transparency, and financial stability.

The Need for a Stronger Corporate Bond Market:

- Corporate bonds offer an alternative funding source for economic growth, especially for long-term projects.
- While the market has grown, it remains underdeveloped compared to bank credit.

Recent Developments to Boost the Corporate Bond Market:

- Private placement of debt is the leading source of capital, increasing by 28% in 2022-23.
- Reduced face value of debt securities for private placement aims to improve liquidity and participation.
- SEBI initiatives encourage participation from stockbrokers, Alternative Investment Funds (AIFs), and retail investors.

Challenges and Opportunities:

- Currently, highly rated companies (PSUs and BFSI) dominate capital raising.
- SEBI's proposed minimum subscription reduction to INR 10,000 aims to attract retail investors.
- Online Bond Platforms are democratizing bond trading and increasing accessibility.

The Future of the Debt Market:

- India's growing financial services industry, including wealth management and insurance, presents opportunities for the debt market.
- Increased participation from retail investors can further strengthen the corporate bond market.

Overall, the Indian debt market is on a growth trajectory, with initiatives underway to make corporate bonds more attractive to a wider range of investors.

(Source: Prospectus)

Key Managerial Personnel

Pratapsingh Indrajitsingh Nathani, aged 51 years, is the Promoter, Chairman & Managing Director of the Company. He holds the degree of Bachelor of Arts (Economics - Honors). With over two decades long stint in the Financial Services sector, Mr. Nathani has mapped the entire financial market's landscape during his successful stint beginning from Apple Finance, to individuals raising debt for Government Institutions via Non-SLR bonds and has worked with JM Financial before starting Beacon Trusteeship.

Kaustubh Kiran Kulkarni, aged 41 years is the Executive Director and Compliance Officer – DT of the Company. He completed his Bachelor of Engineering in Mechanical and also Completed his Post Graduate Diploma in Business Administration from Indo German Training Centre, Mumbai in 2007. He has an overall experience of more than 17 years of Experience in the fields of Business Development, Compliance, Operations, Product development, Digitization, Management Consulting in Financial & Operations Advisory, Research, Investment Banking & Debt Syndication.

Sanjay Bhasin, aged 59 years is the Non-Executive Director of the Company. He has passed the final examination of The Institute of Cost and Works Accountants of India in 1988. He also completed his Post Graduate Diploma in Management from the Indian Institute of Management in 1988. With more than three decades in Financial Services with a penchant for diverse businesses in unfamiliar territories, Mr. Bhasin is an experienced leader who has run large and complex businesses in India, the UK, and West Africa.

Vasan Paulraj, aged 58 years is an Independent Director of the Company. He holds the Degree of Chartered Accountant from the Institute of Chartered Accountant of India. He is having around 21 years of experience in Investment Banking and Capital Syndication – Equity & Debt for large corporates.

Sanjay Sinha, aged 62 years is an Independent Director of the Company. He has completed a Post Graduate Certificate in Investment Banking from the Indian Institute of Management Indore. Mr. Sinha is a veteran finance professional with rich experience in areas such as corporate finance, portfolio management, strategic planning to name a few.

Bhoomika Aditya Gupta, aged 43 years is an Independent Director of the Company. She completed her Bachelor of Commerce in the year 2000. She has expertise in the field of accountancy and has an experience of more than 5 years, of being an Independent Director in a professional capacity.

To conclude, the company has 1 individual promoter, who has vast experience in the business as well as in the industry. Rest all Board of directors have experience in the field of Finance and financial operations helping in the growth of the company.

Financial Snapshot

Profit and Loss Statement		(In Lacs)		
Particulars	FY 22	FY 23	FY 24	
Revenue from Operations	1,002.90	1,480.56	1,991.56	
Other Income	46.12	91.80	99.64	
Total Income	1,049.02	1,572.36	2,091.20	
Expenses				
Employee benefits	339.89	622.12	742.88	
Finance costs	9.53	-	-	
Depreciation and Amortization expense	34.03	56.67	81.95	
Other expenses	177.33	360.41	561.10	
Total Expenses	560.78	1,039.20	1,385.93	
Earnings Before Interest, Taxes, Depreciation & Amortization	485.68	498.03	687.58	
EBITDA Margin	48.43%	33.64%	34.52%	
Profit/(Loss) before exceptional items and tax	488.24	533.16	705.27	
Share in Net Profit / (Loss) of Associates	1.99	1.83	1.71	
Profit/(Loss) before tax	490.23	534.99	706.98	
Tax Expense				
Current tax	128.00	150.35	190.62	
Deferred tax	0.65	-	-	
Total Tax Expense	128.65	150.35	190.62	
Profit/(Loss) for the year	361.58	384.64	516.36	
Net Profit Margin	34.47%	24.46%	24.69%	

Balance Sheet		(In Lacs)		
Particulars	FY 22	FY 23	FY 24	
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	301.98	301.98	1,419.29	
Reserves and surplus	714.55	1,099.19	498.24	
Total Equity	1,016.53	1,401.17	1,917.53	
2. Non-current liabilities				
Long Term Borrowings	-	-	-	
Long Term Provisions	22.02	24.98	37.97	
Total Non-current liabilities	22.02	24.98	37.97	
3. Current liabilities				
Short-term borrowings	-	-	-	
Trade payables				
(i) MSME	11.17	9.65	8.44	
(ii) Other than MSME	54.65	26.26	27.06	
Other current liabilities	417.97	602.00	471.40	
Short-term provisions	162.80	190.24	234.16	
Total Current liabilities	646.59	828.15	741.06	
Total Liabilities	668.61	853.13	779.03	
Total Equity and Liabilities	1,685.14	2,254.30	2,696.56	

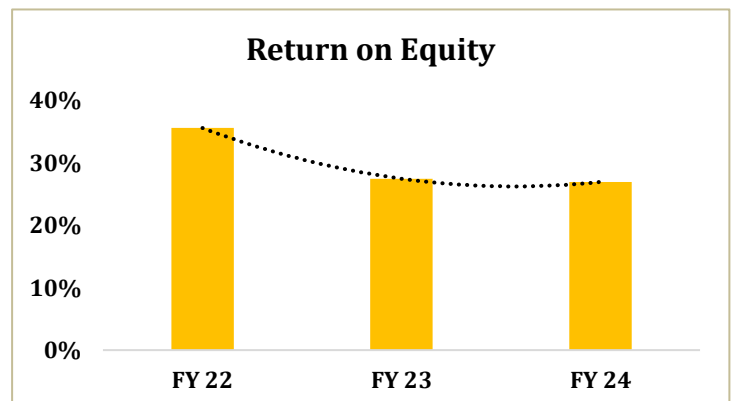
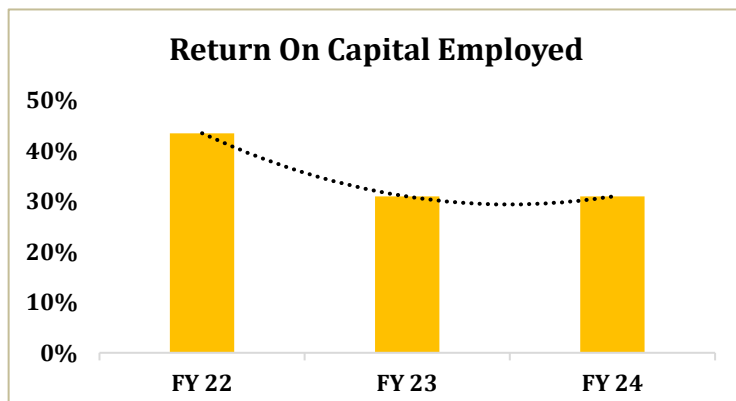
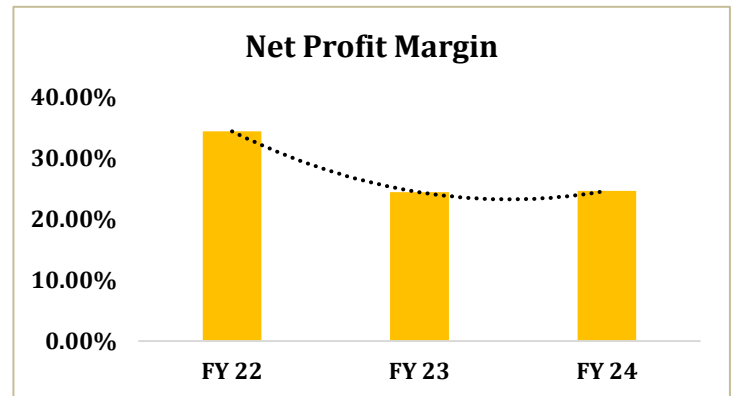
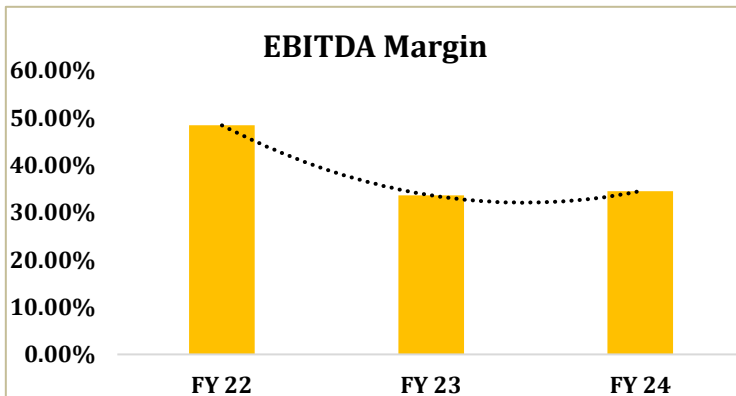
Balance Sheet				(In Lacs)
ASSETS				
1. Non-current assets				
Property, Plant and Equipment	57.83	110.95	74.74	
ii) Intangible Asset	5.62	44.00	22.74	
iii) Capital Work In Progress	58.09	-	-	
Intangible assets under development	-	-	145.55	
Non-Current Investment	20.18	21.97	23.68	
Long Term Loans and Advances	486.56	771.88	836.92	
Other Non-Current Assets	6.21	25.32	29.44	
Total Non-Current assets	634.49	974.12	1,133.07	
2. Current assets				
Inventories	-	-	-	
Trade receivables	339.16	416.15	332.35	
Cash and cash equivalents	141.30	60.27	564.26	
Short-term loans and advances	13.30	13.62	49.80	
Other Current Assets	556.91	790.13	617.08	
Total Current assets	1,050.67	1,280.17	1,563.49	
Total Assets	1,685.16	2,254.29	2,696.56	

Cash Flow Statement				(In Lacs)
Particulars	FY 22	FY 23	FY 24	
Net Cash Flow from Operating Activities	66.24	-67.19	577.32	
Net Cash Flow from Investing Activities	-55.98	-13.83	-73.33	
Net Cash Flow from Financing Activities	40.00	-	-	

Ratio Sheet			
Particulars	FY 22	FY 23	FY 24
Per Share Data			
Diluted EPS	2.74	2.71	3.64
BV per share	5.63	7.76	10.61
Operating Ratios			
EBITDA Margins	48.43%	33.64%	34.52%
PAT Margins	34.47%	24.46%	24.69%
Inventory days	-	-	-
Debtor days	123.44	102.59	60.91
Creditor days	-	-	-
Return Ratios			
RoCE	43.49%	30.95%	30.97%
RoE	35.57%	27.45%	26.93%
Valuation Ratios* (x)			
EV/EBITDA	1.80	2.69	1.97
Market Cap / Sales	10.81	7.32	5.44
P/E	21.90	22.14	16.48
Price to Book Value	10.66	7.74	5.65
Solvency Ratios			
Debt / Equity	-	-	-
Current Ratio	1.62	1.55	2.11
Quick Ratio	1.62	1.55	2.11
Asset Turnover	0.60	0.66	0.74
Interest Coverage Ratio	47.39	-	-

* Valuation Figures are calculated using the Issue Price

Financial Charts



Key Risk Factors

1. Majority of state-wise revenue is contributed from Maharashtra contributed 58.13%, 67.32%, and 67.57% of total revenue for the year ended March 31, 2022, March 31, 2023, and March 31, 2024, respectively. Any adverse impact can affect the operations undertaken by the business in this area.
2. The company and the Directors/Promoters have a Financial Litigation regarding taxation matters and other material litigation that involves a total amount of Rs. 87.60 Lakhs.
The other material Litigations of the company involve 2 cases filed by 2 different employees of the firm for breaching the payment terms of employment for both employees who were later terminated from their jobs by the Promoters and Directors of the company.
3. The company has had a negative cash flow from operating activities for FY23 and may have the same in the future.

Track Record of Lead Manager

The lead manager to the issue is Beeline Capital Advisors Private Limited. A table has been set below highlighting the details of the IPO of the last 10 companies handled by the Lead Manager in recent times –

Beeline Capital Advisors Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Piotex Industries Limited	14.47	94.00	May 17, 2024	103.00
2.	Winsol Engineers Limited	23.36	75.00	May 14, 2024	441.00
3.	Emmforce Autotech Limited	53.90	98.00	Apr 30, 2024	203.00
4.	Greenhitech Ventures Limited	6.30	50.00	Apr 22, 2024	126.00
5.	TAC Infosec Limited	29.99	106.00	Apr 05, 2024	498.00
6.	KP Green Engineering Limited	189.50	144.00	Mar 22, 2024	596.00
7.	Pratham EPC Projects Limited	36.00	75.00	Mar 18, 2024	429.00
8.	V R Infraspace Limited	20.40	85.00	Mar 12, 2024	139.00
9.	Rudra Gas Enterprise Limited	14.16	63.00	Feb 15, 2024	176.00
10.	Fonebox Retail Limited	20.37	70.00	Feb 12, 2024	159.00

The company has had 21 mandates in the past year (2023) and has 12 Mandates till now in the current Year.

*CMP for the above-mentioned companies is taken as of 23rd May 2024.

As per the offer document, from the above-mentioned mandates, all the mandates have opened at premiums on the listing date.

Recommendation

The company has been in the industry since 2015 and has good experience in the industry. The management overview of the company is also satisfactory.

The P/E on a post-IPO basis is around 16.48 times which makes it fairly priced if looked at the P/E of Financial Services Industry which is at 19.8 Times.

The Top Line Financials of the company are showing steady growth, however, the EBITDA and PAT margins have taken a dip and are stagnant from FY 23 onwards due to an increase in Employment related expenses.

However, the outstanding litigations against the company for employment contract breach show bad management prevailing in the company and don't put up a good image. The Post IPO Promoter Holding of the company is dropping to 46%, and the Compliance Officer of the company is also reducing his stake in the business which makes it look like the management is looking for an exit, which is not a good sign. Thus, we recommend to **AVOID** this IPO.

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