

IPO Details	
Opening Date	June 04, 2024
Closing Date	June 07, 2024
Stock Exchange	BSE SME
Lot Size	2,000 Shares
Issue Price	₹52 per share
Issue Size	Aggregating up to 11.44 Cr.
Fresh Issue	Aggregating up to 8.84 Cr.
Offer for Sale	Aggregating up to 2.60 Cr.
Application Amount	₹1,04,000

IPO Objective	
1. Funding Working Capital Requirements of the Company	
2. Repayment/ Prepayment of Certain Borrowings availed by the Company	
3. General Corporate Purposes	

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	31,10,396	72.00%
Public	12,09,604	28.00%

Promoters of the Company	
1. Ranjit Kulladhaja Mayengbam	
2. Ganjarani Devi Mayengbam	

Competitive Strengths	
1. Tailored IT Services	
2. Experienced Management Team	
3. Quality of Services	
4. Certifications, Awards and Accreditations	
5. Customer Relationship	

Company Background	
○ Incorporated in 2015, 3C IT Solutions & Telecoms (India) Limited is an IT systems integration company. The company offers various IT products and services bifurcated under 3 segments i.e. Infrastructure solutions, Digital business solutions, and Consulting solutions to meet the client requirements.	
○ 3C IT offers the following solutions to their clients:	
- Data Storage Management.	
- Server infrastructure solutions that maximise IT investment and deliver high performance.	
- Customized network design and implementation solutions.	
- Security consolidation and optimisation to capitalise on the current investment.	
○ As of 31st March 2024, the company had a total of 25 employees under its payroll.	

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 22	₹ 31

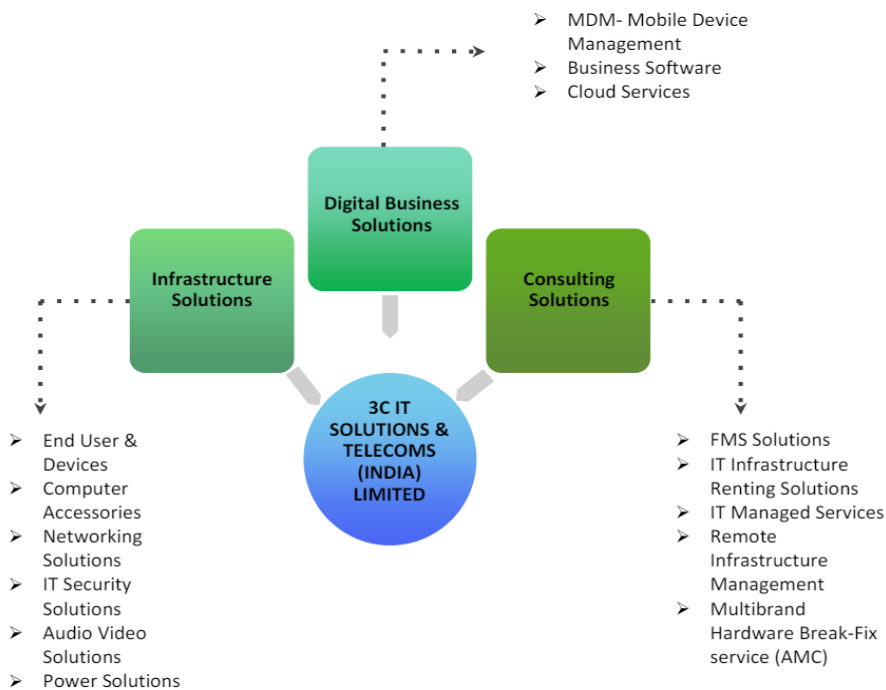
Financial Summary (In Lacs.)				
For the Period Ended	FY 21	FY 22	FY 23	Dec-23
Total Assets	1,835.91	3,465.47	2,886.15	1,898.43
Net Assets	149.75	260.65	409.73	460.26
Total Borrowing	398.22	1,040.20	1,339.76	592.43
Total Revenue	4,063.52	6,694.11	6,293.48	2,355.67
Profit After Tax	85.93	110.91	113.61	50.52

Tentative Timeline	
Opening Date	June 4, 2024
Closing Date	June 7, 2024
Basis of Allotment	June 10, 2024
Initiation of Refunds	June 11, 2024
Credit of Shares to Demat	June 11, 2024
Listing Date	June 12, 2024

Company Background and Analysis

3C IT Solutions & Telecoms (India) Limited was originally incorporated on March 24, 2015. 3C IT Solutions specialize in end-to-end IT integration solutions covering Power Management to Data Centres and everything in between. The company offers system integration services through highly valued partnerships and proven expertise. System integration is not merely a technical process and has a strong impact on the core business as well as its people. For a holistic and seamless expansion of the current IT setup, 3C IT works with client organizations to evaluate the existing systems, locate the problems, and finally build a system integration solution that is futuristic, cost-efficient, and the best performance.

The company's business domains cover the following –



The percentage of revenue derived from the company's three different segments is given below –

(Amount in Lacs)

Particulars	Mar-21		Mar-22		Mar-23		Dec-23	
	Amt	%	Amt	%	Amt	%	Amt	%
Infrastructure Solutions	3,752.08	92.34	6,220.80	93.05	5,674.54	91.62	1,956.16	84.38
Digital Business Solutions	100.39	2.47	22.83	0.34	24.83	0.40	24.72	1.07
Consulting Solutions	210.71	5.19	441.83	6.61	493.99	7.98	337.52	14.56
Total	4,063.18	100.00	6,685.46	100.00	6,193.36	100.00	2,318.40	100.00

Given below are the client requirements and how the company provides solutions for the same –

- **Data Storage Management-** Storage consolidation solutions that focus on optimum security and performance:

Data is an organization's most important asset. Equally important to it is the storage on which it sits. With the proliferation of mobile technology and big data, organizations face the explosion of business-critical data combined with redefined technical and legal requirements. Organizations are pushed towards consolidation to keep up with this increasing business demand and empower their infrastructure for maximum utilization.

Experts at 3C IT start with evaluating the existing data storage system and move towards integrating the extended capacity without interrupting its performance. Throughout the journey, the storage specialists tackle all issues related to the business and people.

- **Server infrastructure solutions that maximize IT investment and deliver high-level performance** - More than 50% of organizations suffer from increased costs, server regulatory issues, and server sprawl.

At 3C IT, it offers optimized solutions for the consolidation of servers and eliminates business backlogs such as traffic surges, connectivity issues, increased downtime, and high overhead costs. By utilizing a complete range of deployment monitoring tools and support services for server consolidation, organizations can benefit from an enhanced level of application delivery performance.

- **Customized network design and implementation solutions** - Network consolidation is the answer to increased agility and enterprise-wide efficiency. Decentralized network solutions hinder ROI by bringing down the overall employee productivity and accountability for all routine operations.

At 3C IT, it offers customized solutions to all types of organizations to ensure higher resilience, increased scalability, lowered costs, and network reliability.

- **Security consolidation and optimisation to capitalise on the current investment-**The prevailing organic approach to implementing the security infrastructure has led to fragmentation and inefficiency in several organizations.

3C IT offers security consolidation solutions focused on eliminating configuration clutter and bringing down the overall cost by cutting down operational expenses, licensing costs, and management overheads. From firewall assessments to using a UTM platform, it delivers resilient business benefits and increased cost savings.

To conclude, 3C IT was incorporated in 2015 and has good experience in the industry. Currently, the company derives most of its revenue from Infrastructure Solutions services. Services provided by the company have wide applications in various industries.

Business Strategies

1. **Expand Current Business Relationships:**

The goal is to build long-term relationships with both existing and new clients. With existing clients, the firm aims to expand the nature and scope of engagements by increasing the size and number of projects and extending the breadth of its service offerings. For new clients, the company seeks to provide value-added solutions by leveraging their in-depth industry expertise and expanding the breadth of services offered to them.

2. **Enhanced and Customized Innovative Service Offerings:**

The Company has devised tailored plans that align with clients' requirements, turnaround times, and industry standards. This strategic approach enhances the efficiency of their service offerings. These plans are not only innovative but also adaptable to the evolving needs and trends in the market. They aim to create certified and trained resources and have their own in-house employee resources from receiving the order to complete deployment of it.

3. **Maintaining Strategic Focus on the Indian Market:**

The focus remains on servicing both Multinational Corporations (MNCs) and domestic enterprises within the Indian market. They are committed to organic and inorganic growth, positioning themselves to provide comprehensive solutions to a diverse clientele.

4. **Continuous Innovation:**

The firm upholds a philosophy of innovation as a cornerstone of its operations. This involves the constant evolution of their internal systems, processes, and operational methodologies. They believe that embracing change leads to higher efficiency and better outcomes.

5. **Competitive Pricing – Cost Reduction and Time Efficiency:**

Competitive pricing is integral to their strategy, as it underpins the delivery of high-quality services without compromising on essential deliverables.

6. **Enhancing Operating Effectiveness and Efficiency:**

The Company aims to continue to improve its operational effectiveness and efficiencies to achieve cost reductions including overheads. They believe that this can be done through continuous project review and timely corrective measures in case of diversion and technology gradation.

Competitive Scenario and Peer Mapping

Competition

India's IT-BPM industry faces stiff competition from established global players, but new entrants are deterred by high talent acquisition costs and complex regulations. Supplier power varies based on the specific service, with established vendors holding more leverage. Customers, particularly large enterprises, have moderate bargaining power due to numerous service providers. The threat of substitutes like automation and nearshore locations exists, pressuring innovation. Government policies promoting domestic IT adoption and a large, skilled workforce position the industry for continued growth.

Peer Analysis -

Peer Analysis for the Period Ending 31st March 2021:

Particulars	3C IT Solutions & Telecoms (India) Limited	Dev Information Technology Limited
	31st Mar 2021	31st Mar 2021
Net Profit Margin	2.11%	-0.39%
EBITDA Margin	4.98%	3.79%
Return on Capital Employed	35.94%	3.19%
Return on Equity	55.53%	-1.00%
EPS (INR)	71.61	-0.02
P/E	0.73	-

Peer Analysis for the Period Ending 31st March 2022:

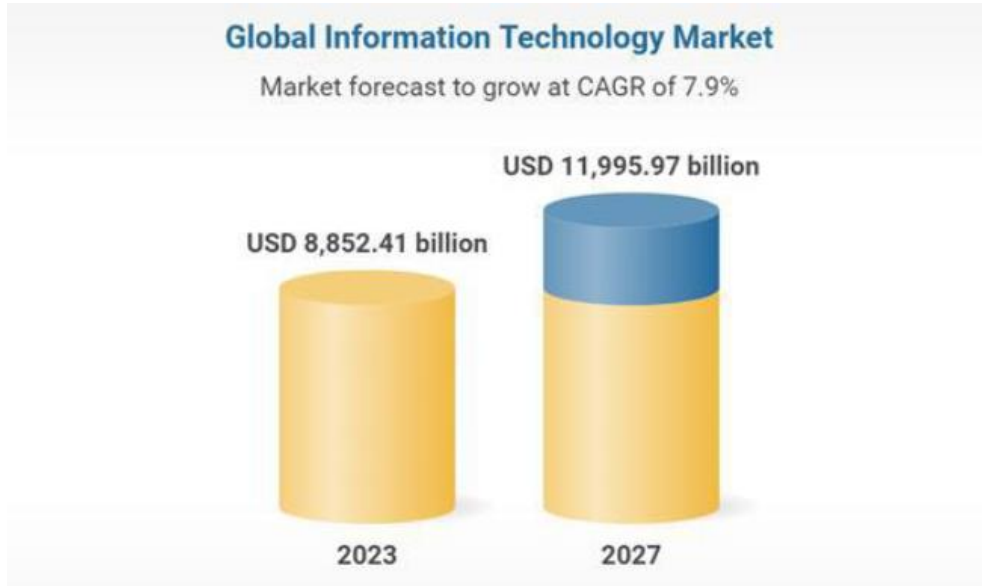
Particulars	3C IT Solutions & Telecoms (India) Limited	Dev Information Technology Limited
	31st Mar 2022	31st Mar 2022
Net Profit Margin	1.66%	0.11%
EBITDA Margin	4.20%	4.67%
Return on Capital Employed	20.91%	8.49%
Return on Equity	42.55%	0.34%
EPS (INR)	92.42	0.01
P/E	0.56	6,675.00

Peer Analysis for the Period Ending 31st March 2023:

Particulars	3C IT Solutions & Telecoms (India) Limited	Dev Information Technology Limited
	31st Mar 2023	31st Mar 2023
Net Profit Margin	1.83%	6.85%
EBITDA Margin	5.16%	10.61%
Return on Capital Employed	19.74%	27.83%
Return on Equity	27.73%	21.61%
EPS (INR)	8.87	2.71
P/E	5.86	34.58

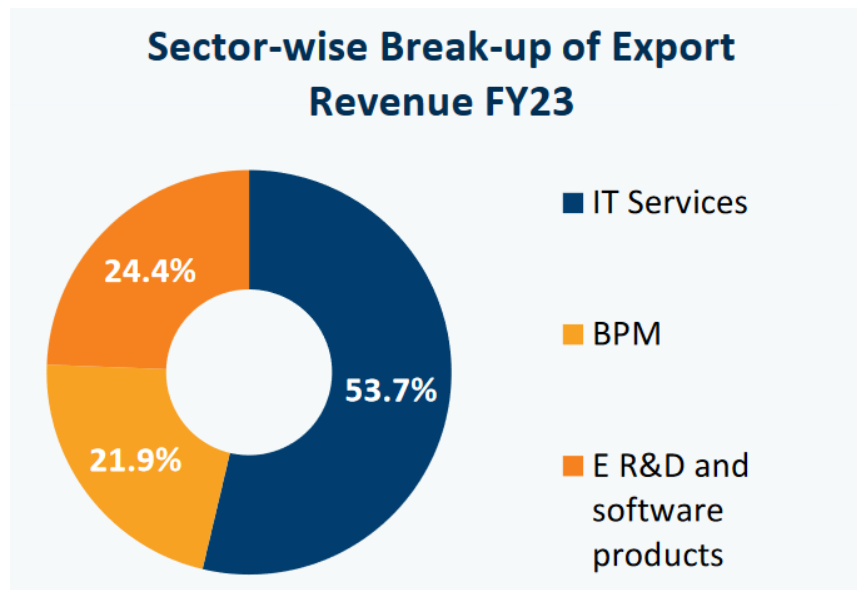
Industry Overview

Exhibit 1: Global IT Market and its Growth



(Source: Prospectus)

Exhibit 2: Sector-wise Export Revenue Bifurcation for the FY23



(Source: Ibef.org)

Indian IT-BPM Industry Overview:

Resilient Growth: The Indian IT and BPM industry continues to be a bright spot in the economy, projected to reach \$245 billion in FY2023 (9.4% YoY growth). This growth spans IT services, BPM, software products, R&D, and the domestic market. The US and APAC remain the major export markets, with strong growth across core sectors like BFSI, manufacturing, and telecom/hi-tech.

Domestic Market Boom: India's massive digital infrastructure fuelled domestic tech adoption. Government and enterprise investments in emerging technologies like AI, cloud, and cybersecurity are propelling this growth. Domestic revenue is growing 13% year-on-year, driven by increased digital spending amongst Indian enterprises.

Talent Hub: The industry remains a net employer with over 5.4 million workers, adding 290,000 new jobs in FY2023. It boasts a highly skilled workforce with 36% digitally skilled professionals, ranking top globally in AI talent and cloud professionals. Additionally, the industry is making strides in diversity with 2 million women employees and a net addition of over 140,000 women workers this year.

Innovation Powerhouse: India is emerging as a global leader in deep-tech innovation and R&D. The presence of over 1570 Global Capability Centres (GCCs) signifies India's attractiveness for engineering R&D. The proportion of digital technologies like analytics, cloud, and cybersecurity within the industry is rapidly increasing. Interestingly, 73% of all tech patents filed in India in 2022 were related to emerging technologies.

Thriving Start-up Ecosystem: Despite global uncertainties, the Indian start-up scene is flourishing. In 2022, India saw 1,300+ new start-ups and 23 new unicorns. Notably, DeepTech start-ups are thriving, with over 3,000 currently developing innovative solutions.

Economic Catalyst: The IT-BPM sector significantly contributes to India's GDP, accounting for 7.4% in FY22. This is expected to reach 10% by 2025. India's rapid digital adoption, driven by the "Digital India Programme," is transforming various sectors and citizen services. India's ranking in the Global Innovation Index (GII) improved to 40th in 2022.

Future Outlook: India remains the top offshoring destination for IT companies globally. Emerging technologies offer immense opportunities for Indian IT firms, with the industry projected to reach US\$ 19.93 billion by 2025. Increased cloud adoption is expected to generate millions of jobs and significantly boost India's GDP. India's IT spending is expected to reach US\$ 110.3 billion in 2023 and service exports have the potential to reach US\$ 1 trillion by 2030.

(Source: Prospectus)

Key Managerial Personnel

Ranjit Kulladhaja Mayengbam, aged 47 Years is one of the Promoter, Chairman, and Managing Director of the Company. He has more than 16 years of experience in the industry in which the Company operates. He holds a Master's Degree in Marketing Management and a Bachelor's Degree in Bachelors of Science. Additionally, he holds a Diploma in Business Management.

Gangarani Devi Mayengbam, aged 46 years, is one of the Promoter, Executive Director, and Chief Financial Officer of the Company. She holds a Bachelor's Degree in Bachelor of Arts, a Master's Degree in History, and a Diploma in archival studies. She is responsible for planning and taking significant decisions relating to investment, making strategies, and managing financial activities, including budgeting, forecasting expenses, and mitigating financial risks for sustainable growth with overall supervision of the finance and accounts team of the employees.

Sujeet Dinanath Naik, aged 50 years, is a Non-Executive and Non-Independent Director of the Company. He holds a Master's degree in Business Administration and a Degree of Bachelor of Science. He is a goal-oriented professional with over 23 years of experience in the Telecom Industry. His role in the company includes overseeing whether the Company's programs are being executed in the right direction as per its aim and objectives, recommending business policies to the board governing the Company, and establishing a long-term business plan.

Pandurang Avinash Deokar, aged 51 years, is a Non-Executive and Independent Director of the Company. He holds a degree in master's degree in Business Administration (Finance) and a Master's in Commerce (Advance Accounting & Auditing) along with 25 years of experience in the Finance Function of the IT / Software Industry. He provides operational guidelines to the finance team of the company.

Dhirendra Sidh Nath Trivedi, aged 46 years, is a Non-Executive and Independent Director of the Company. He holds a Bachelor's Degree in Arts. He has experience of 19 plus years of experience in the lending and finance sector. He has experience in the area of keeping the company up-to-date with the latest business trends and developing better business techniques and practices.

Shailendra Ramesh Ganeshe, aged 41 years, is a Non-Executive and Independent Director of the Company. He holds a degree in Master's Degree in Management (Sales and Admin) and a Bachelor's Degree in Computer Application (BCA). Additionally, he holds a Degree in Doctor of Philosophy from California Public University. Mr. Shailendra is a versatile personality in the area of marketing and PR. Having served the corporate world with leading brands for 5 years, he is dedicated to ensuring good corporate governance in the Company.

To conclude, the company has 2 individual promoters and both of them have good experience in the industry. The remaining Directors and Key Managerial Personnel of the company also have good knowledge and experience in their respective field of operations. Which suggests that the board of the company is satisfactory.

Financial Snapshot

Profit and Loss Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Dec-23
Revenue from Operations	4,063.18	6,685.46	6,193.36	2,318.40
Other Income	0.34	8.65	100.12	37.27
Total Income	4,063.52	6,694.11	6,293.48	2,355.67
Expenses				
Purchases of Stock-in-Trade	4,235.15	6,945.48	5,602.35	1,017.81
Changes in Inventories of WIP, Finished Goods & Stock in Trade	-549.19	-804.53	41.48	882.98
Employee benefits	106.63	160.88	173.17	130.10
Finance costs	68.99	117.30	231.91	118.54
Depreciation and Amortization expense	19.77	18.34	29.06	60.29
Other expenses	68.44	103.13	56.96	71.15
Total Expenses	3,949.79	6,540.60	6,134.93	2,280.87
Earnings Before Interest, Taxes, Depreciation & Amortization	202.15	280.50	319.40	216.36
EBITDA Margin	4.98%	4.20%	5.16%	9.33%
Profit/(Loss) before exceptional items and tax	113.73	153.51	158.55	74.80
Exceptional Items	-	-	-	-
Profit/(Loss) before tax	113.73	153.51	158.55	74.80
Tax Expense				
Current tax	31.64	42.70	44.11	19.45
Deferred tax	-3.84	-0.10	0.83	4.83
Total Tax Expense	27.80	42.60	44.94	24.28
Profit/(Loss) for the year	85.93	110.91	113.61	50.52
Net Profit Margin	2.11%	1.66%	1.81%	2.14%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Dec-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	1.00	1.00	36.00	216.00
Share Application Money Pending Allotment	5.00	-	-	-
Reserves and surplus	148.75	259.65	373.73	244.26
Total Equity	154.75	260.65	409.73	460.26
2. Non-current liabilities				
Long Term Borrowings	352.75	993.33	1,061.16	306.75
Deferred tax liability/ (Assets) (Net)	-	-	-	3.29
Total Non-current liabilities	352.75	993.33	1,061.16	310.04
3. Current liabilities				
Short-term borrowings	45.47	46.87	278.60	285.68
Trade payables				
(i) MSME	34.52	90.49	12.16	46.05
(ii) Other than MSME	1,024.25	1,839.74	905.17	585.80
Other current liabilities	181.70	166.11	103.89	90.92
Short-term provisions	42.47	68.28	115.44	119.68
Total Current liabilities	1,328.41	2,211.49	1,415.26	1,128.13

Balance Sheet				
(In Lacs)				
Total Liabilities	1,681.16	3,204.82	2,476.42	1,438.17
Total Equity and Liabilities	1,835.91	3,465.47	2,886.15	1,898.43
ASSETS				
1. Non-current assets				
Property, Plant and Equipment	38.55	24.39	47.62	160.53
Deferred Tax Assets (Net)	2.26	2.37	1.54	-
Total Non-Current assets	40.81	26.76	49.16	160.53
2. Current assets				
Inventories	819.91	1,624.44	1,582.96	699.98
Trade receivables	650.16	1,458.13	1,022.70	876.33
Cash and cash equivalents	177.09	99.03	29.48	45.18
Short-term loans and advances	146.88	256.01	201.29	115.15
Other Current Assets	1.05	1.10	0.55	1.26
Total Current assets	1,795.09	3,438.71	2,836.98	1,737.90
Total Assets	1,835.90	3,465.47	2,886.14	1,898.43

Cash Flow Statement				
(In Lacs)				
Particulars	FY 21	FY 22	FY 23	Dec-23
Net Cash Flow from Operating Activities	122.67	-599.41	-219.67	1,026.85
Net Cash Flow from Investing Activities	1.13	519.68	102.65	-865.87
Net Cash Flow from Financing Activities	-6.82	1.66	47.48	-145.28

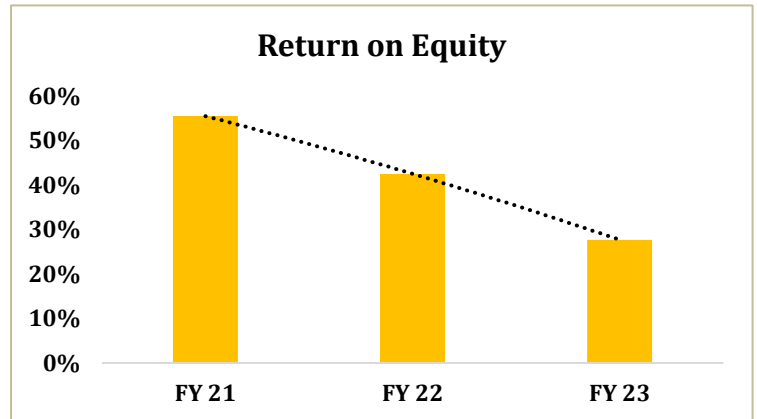
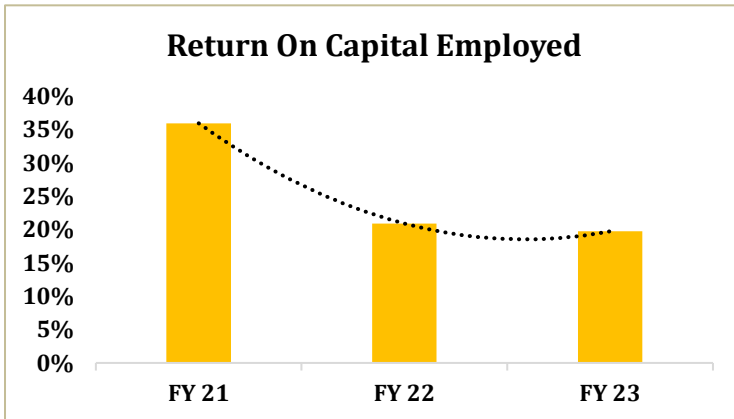
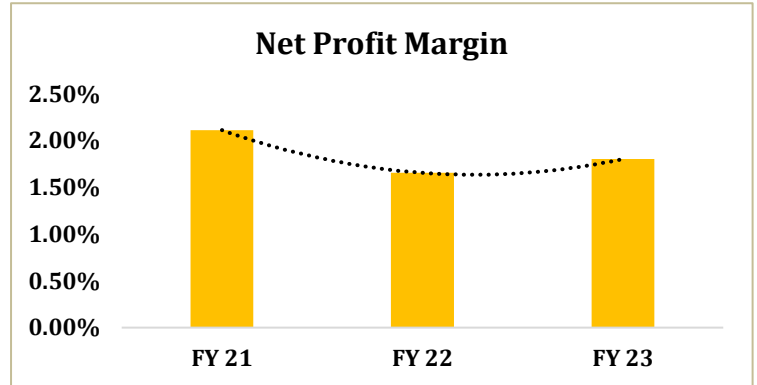
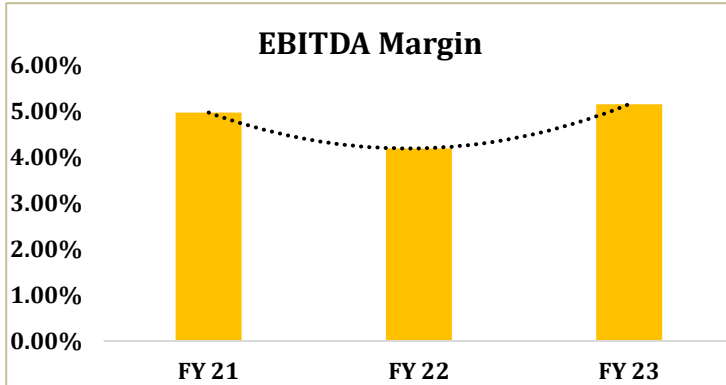
Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Dec-23*
Per Share Data				
Diluted EPS	71.61	92.42	8.87	1.24
BV per share	17.25	19.01	21.49	37.41
Operating Ratios				
EBITDA Margins	4.98%	4.20%	5.16%	9.33%
PAT Margins	2.11%	1.66%	1.81%	2.38%
Inventory days	73.65	88.69	93.29	83.03
Debtor days	58.40	79.61	60.27	103.95
Creditor days	91.25	101.44	59.77	170.72
Return Ratios				
RoCE	35.94%	20.91%	19.74%	15.18%
RoE	55.53%	42.55%	27.73%	5.44%
Valuation Ratios** (x)				
EV/EBITDA	1.86	4.28	5.39	5.78
Market Cap / Sales	0.77	0.47	0.51	1.01
P/E	0.73	0.56	5.86	42.02
Price to Book Value	3.01	2.73	2.42	1.39
Solvency Ratios				
Debt / Equity	2.57	3.99	3.27	1.29
Current Ratio	1.35	1.55	2.00	1.54
Quick Ratio	0.73	0.82	0.89	0.92
Asset Turnover	2.21	1.93	2.15	1.22
Interest Coverage Ratio	2.64	2.23	1.25	1.32

* Annualized Basis

** Valuation Figures are calculated using the Issue Price



Financial Charts



Key Risk Factors

1. The Post-Issue Promoter Holding is falling to 51.67%. This is nearly 50%, which decides the Majority of decision-making in the Company.
2. There are 14 Tax Proceeding Litigations, out of which 8 are Against the Company, 4 Against the Promoters, and 2 Against the Company's Directors. These all together involve an amount of 71.84 Lakhs.
3. The company received 94.77% of its Revenue from Maharashtra alone for the Period ending 31st December 2023.
4. The Company has had Negative Cash-Flow from Operating Activities for FY 22 and FY 23 and may continue to have so in the Future.
5. Out of Total Bills Receivable of 876.33 Lakhs, 206.8 Lakhs have been outstanding for more than a year.
6. The Top 10 Customers of the company contributed to around 50.25%, 40.64%, and 55.21% of Total Revenue from Operations for FY 21, FY 22, and FY 23 respectively.



3C IT
Make IT Simple

3C IT Solutions & Telecoms (India) Limited

IPO Note

Recco – **AVOID**

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Track Record of Lead Manager

The Lead Manager of the issue is Kreo Capital Private Limited.

As per the Offer Document, this is the First Mandate of the Lead Manager.

Recommendation

The company has been operating in the Industry since 2015 and has a good amount of experience in it. The management overview of the company is satisfactory.

The P/E of the Company on a Post-Issue and Annualized basis is 42.02 Times making it highly priced as the Industry P/E is 30.4 Times.

The company has seen a sharp decline in its Top Line Financials, due to its restructuring of its business model which will allow it to focus more on High Margin Business and reduce its dependence on Low Margin Business, i.e. IT Hardware. The company also has highly concentrated Revenue from Operations coming from Maharashtra alone. The promoter holding will also become low after the issue.

The restructuring of the Business Model will take time to get reflected in its Financials and Operations the Business as it currently has low margins which makes it tough to sustain in this competitive environment, and thus, at the current P/E, we recommend **AVOID** this IPO.

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