

IPO Details			Company Background				
Opening Date	June 05, 2024		<ul style="list-style-type: none"> ○ Satrix Information Security Limited was founded in 2013, with its registered office in Ahmedabad, Gujarat, which develops customer-oriented cyber security solutions. ○ The company designs and builds data security solutions in the cloud and on-premises based on the client's requirements. The company's service list includes. <ul style="list-style-type: none"> ○ Assessment services ○ IT infrastructure management ○ Hybrid IT services and solutions ○ Managed Security Services (MSS) ○ As of December 2023, the company had 145 employees on its payroll. 				
Closing Date	June 07, 2024						
Stock Exchange	BSE SME						
Lot Size	1,000 Shares						
Issue Price	₹121 per share						
Issue Size	Aggregating up to ₹21.78Cr.						
Fresh Issue	Aggregating up to ₹21.78Cr.						
Offer for Sale	-						
Application Amount (Price at Upper Band)	₹1,21,000 (1,000 shares)						
IPO Objective			Market Capitalization (In Cr.)				
1. Capital Expenditure			Pre-Issue		Post-Issue		
2. Business Expansion Cost			₹ 61		₹ 82		
3. Additional Working Capital Requirement							
4. General Corporate Purpose							
Pre-Issue Shareholding			Financial Summary (In Cr.)				
Category	No. of Shares	% of Total Shares	For the Period Ended	Mar-21	Mar-22	Mar-23	Dec-23
Promoter & Promoter Group	49,99,985	100%	Total Assets	950.33	1,449.08	2,567.05	2,462.27
Public	15	N/A	Net Assets	557.12	776.51	1,194.02	1,446.96
			Total Borrowings	44.54	235.88	194.55	384.77
			Total Revenue	2,120.23	2,348.69	3,775.65	3,061.61
			Profit After Tax	193.84	214.13	400.13	250.70
Promoter(s) of the Company			Tentative Timeline				
1. Sachhin Kishorebhai Gajjaer			Opening Date		June 05, 2024		
2. Ronak Sachin Gajjar			Closing Date		June 07, 2024		
Competitive Strengths			Basis of Allotment		June 10, 2024		
1. Qualified and Experienced Promoters & Employees			Initiation of Refunds		June 11, 2024		
2. Diversified Client Base			Credit of Shares to Demat		June 11, 2024		
3. Proactive approach to provide Cyber security solutions			Listing Date		June 12, 2024		
4. Geographical presence in growing markets like Middle East and North America.							

Company Background and Analysis

Satrix Information Security Limited was founded in 2013 and develops customer-oriented cyber security solutions. The company designs and builds data security solutions in the cloud and on-premise based on the client's requirements. The company's service list includes:

- Assessment services: vulnerability assessment, penetration testing, red teaming, anti-phishing solutions and application security services.
- IT infrastructure management: provides a comprehensive overview of a modern IT infrastructure and faster threat detection, response mitigation, using different technologies.
- Hybrid IT services & solutions: On-premise cloud infrastructures to achieve agility, compliance and efficiency.
- Managed Security Services (MSS): Vulnerability Management, SOC (Incident Response), Endpoint Detection & Response (Managed EDR), Helpdesk/Tech Support, IT Infrastructure Security.



Sales & Marketing Team



Work Station Area



Customer Support Team

Satrix Information Security has two subsidiaries Satrix Information Security Incorporation and Satrix Information Security DMCC in the US (Delaware) and UAE (Dubai), respectively. Promotors have got rich experience of a decade working in the UAE, KSA and Bahrain region including the GCC countries and Africa. Americas is the largest contributors for cybersecurity business till today. Both the regions Satrix has customers and partners whom they work with to acquire customers.

Revenue Bifurcation of geographies for the period ended FY21, FY22, FY23, Dec-23 (Amt in Lacs)-

Geography	Mar-21		Mar-22		Mar-23		Dec-23	
	Amt	%	Amt	%	Amt	%	Amt	%
India	1802.87	74.48	1907.34	71.17	3147.18	75.45	2846.43	87.13
USA	125.44	5.18	186.48	6.96	271.42	6.51	41.43	1.27
UAE	183.49	7.58	199.75	7.45	240.66	5.77	148.02	4.53
Total Export	308.93	12.76	386.23	14.41	512.08	12.28	230.95	7.07
Total	2,420.73	100	2,679.80	100	4,171.34	100	3,266.83	100.00

Satrix top 5 customers adds to 15.61% of revenue and top 10 adds to 21.4 % of revenue as of Dec23, which is a good sign as revenue is systematically bifurcated in customers but there is a matter of concern in case of suppliers as its major supplies is based on only 1 supplier, i.e., Ivalue Infosolution Pvt Ltd which provides 87.39% of purchase requirements as of Dec23 and Top 3 suppliers catered to 96.88% of purchase requirements. As of Dec 23, the company had 145 employees on its payroll.

To conclude, incorporated in 2013 Satrix Information Security Limited develops customer-oriented cyber security solutions. Satrix Information Security has two subsidiaries, namely, Satrix Information Security Incorporation and Satrix Information Security DMCC in the US (Delaware) and UAE (Dubai) respectively. The company designs and builds data security solutions in the cloud and on-premise based on the client's requirements.

Competitive Scenario and Peer Mapping

Competition

India's cybersecurity market is booming due to digital growth and frequent cyberattacks. New players can enter, but established firms and complex tech can be barriers. Buyers have some power due to various vendors, but the critical nature of cybersecurity can limit negotiation. Supplier strength is moderate, but a lack of skilled professionals can pinch. Substitution isn't a major threat. Overall, the market is attractive, but competition and finding talent are key challenges.

Peer Analysis

The comparison of the key performance indicators of the listed peers as of Mar-23 is given below –

Particulars	Satrix Information Security Limited	Systango Technologies Limited	Dev Information Technology Limited	TAC Infosec Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	10.93%	26.05%	6.85%	49.90%
EBITDA Margin	39.48%	32.14%	10.61%	53.45%
Return on Capital Employed	118.31%	26.86%	27.83%	65.78%
Return on Equity	33.51%	40.63%	24.54%	65.97%
EPS (INR)	8.00	9.96	2.71	6.61

The comparison of the key performance indicators of the listed peers as of Mar-22 is given below –

Particulars	Satrix Information Security Limited	Systango Technologies Limited	Dev Information Technology Limited	TAC Infosec Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	9.34%	20.14%	0.11%	11.64%
EBITDA Margin	50.79%	26.00%	4.67%	21.95%
Return on Capital Employed	143.70%	46.20%	8.49%	31.89%
Return on Equity	27.58%	39.19%	0.39%	23.46%
EPS(INR)	4.28	63.24	0.01	0.80

The comparison of the key performance indicators of the listed peers as of Mar-21 is given below –

Particulars	Satrix Information Security Limited	Systango Technologies Limited	Dev Information Technology Limited	TAC Infosec Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	9.18%	23.79%	-0.39%	11.63%
EBITDA Margin	51.58%	31.28%	3.79%	17.44%
Return on Capital Employed	184.92%	62.69%	3.19%	39.63%
Return on Equity	34.79%	54.30%	-1.17%	30.15%
EPS(INR)	3.88	9.56	-0.02	0.78

Industry Overview

Global Industry Overview:

On a global scale, industries are becoming increasingly interconnected. The rise of cloud computing, internet of things (IoT), and big data analytics has created a complex digital ecosystem. This interconnectedness, while fostering collaboration and innovation, also expands the attack surface for cybercriminals. Data breaches, malware attacks, and ransomware threats are becoming more sophisticated and frequent, causing financial losses and reputational damage to businesses.

Indian Industry Overview:

India is experiencing a similar digital surge. With a growing internet user base and government initiatives promoting digitalization, Indian industries are rapidly adopting new technologies. This digital transformation across sectors like banking, healthcare, and e-commerce is creating a burgeoning demand for robust cybersecurity solutions. However, India also faces unique challenges. A large portion of the population still lacks digital literacy, making them more susceptible to phishing attacks and social engineering. Additionally, the vast IT infrastructure of many Indian businesses might not be adequately secured, creating vulnerabilities.

Global Cybersecurity Landscape:

Cybersecurity is the practice of protecting information systems, networks, and programs from unauthorized access, use, disclosure, disruption, modification, or destruction. In today's digital world, cybersecurity is no longer an afterthought; it's a critical business imperative. As cyber threats evolve, the global cybersecurity industry is constantly innovating to develop new solutions. This includes advancements in areas like:

- **Security Information and Event Management (SIEM):** SIEM systems collect and analyse data from various security sources to detect and respond to security incidents.
- **Threat Intelligence:** Threat intelligence involves gathering and analysing information about cyber threats, vulnerabilities, and attacker tactics. This information helps organizations proactively defend against cyberattacks.
- **Zero Trust Security:** Zero trust is a security model that assumes no device or user is inherently trustworthy. It requires continuous verification before granting access to resources.
- **Artificial Intelligence (AI) and Machine Learning (ML):** AI and ML are being used to develop more sophisticated security solutions that can detect and respond to threats in real-time.

Cybersecurity in India:

The Indian government recognizes the importance of cybersecurity and has taken several steps to strengthen the country's cyber defences. Initiatives such as the National Cyber Security Strategy (2013) and the Information Technology Act (2000) aim to create a secure digital environment for businesses and citizens. Additionally, organizations like the Data Security Council of India (DSCI) play a crucial role in promoting cybersecurity awareness and developing best practices.

India Cybersecurity Market Size:

India's cybersecurity market is one of the fastest-growing in the world. Driven by factors such as increasing digitalization, regulatory compliance requirements, and growing awareness of cyber threats, the market is expected to reach significant heights. Estimates suggest the market size was valued at USD 4.04 billion

in 2024 and is projected to reach USD 17.75 billion by 2033, with a Compound Annual Growth Rate (CAGR) of over 15%. This growth is fuelled by the rising demand for cybersecurity products and services such as security software, firewalls, intrusion detection systems, and security consulting services.

Cybersecurity is a vital concern for the global and Indian industrial landscapes. As industries become increasingly reliant on technology, the need for robust cybersecurity solutions will continue to grow. India's rapidly growing digital economy presents both immense opportunities and significant cybersecurity challenges. By investing in cybersecurity solutions, raising awareness, and fostering collaboration, India can create a secure digital environment that fosters innovation and economic growth.

(Source: Prospectus)

Exhibit 1: India's progress in digitalization over the past decade:

	Parameters (in mn/bn)	FY14	FY16	FY17	FY18	FY22	FY23	FY24 (till Nov)	Impact
Jan Dhan (PMJDY)	Total beneficiaries (mn)		214.3		314.4	450.6	486.5		56% of the accounts belong to women
	Rural/semi-urban beneficiaries (mn)		132		185	301	324.5		
Aadhar (technology stack)	Aadhar numbers generated (mn)		999		1207	1330	1363		
	Aadhar-linked bank accountss (mn)		255		591.5	774	780		
	UPI transaction by volume (mn)			17.86	904.87	45967.53	83751.14	81399	
	UPI transaction by value (in INR bn)			69.52	1098.32	84175.73	139206.75	125164	
	CoWin registration (bn)						1.1		
	Digilocker users (mn)			1.2		12	139.4	223.86	
FASTag	Tag issuance (mn)		–		1.63	16.8	677		Saved approximately INR 700 billion in wasted fuel expenses caused by waiting at the toll plazas
	Toll revenue (in INR bn)	44.7			–	–	413.42		
	Waiting time at toll (seconds)		–		480	47			
BharatNet	Gram panchayats connected (thousand)			100 (Dec 2017)	–	–		210	
Open Network for Digital Commerce (ONDC)	Retail merchants enrolled*						800+	232000	
	Total transactions by volume (thousand)*						1.2	4700	

*Data for this variable is for the month January 2023 and November 2023 and not for FY.

(Source: Prospectus)

Key Managerial Personnel

Sachin Kishorbhai Gajjaer, aged 47 years, is one of the Promoters, and one of the founding members of Satrix Information Security. He holds a degree in Computer Engineering and has an MBA degree in Information Technology. He has more than 15 years of experience in solution architecting, information security management, risk & compliance management, information security strategy and planning in government, private and public sector enterprises. He has the unique distinction of having cleared almost all information security related certifications.

Ronak Sachin Gajjar, aged 43 years, is one of the Promoters and one of the founding members of Satrix Information Security. She holds master's degree in business in Human Resource Management. She has professional experience of over 13 years of experience. She also has privilege and much valued experience to manage Appraisal and Compensation planning for NASA through her previous organisational experience in MNC.

Abhishek Madanlal Binaykia, aged 44 years, is an Independent and Non-Executive Director of the Company. He has completed his graduation in Electronics and Communications Engineering & completed his post-graduation. He also holds Master in business in Marketing. A dynamic product and business leader with extensive global experience working in Fortune 500 companies including Qualcomm, Broadcom, etc, as well as with high tech start-ups, in multiple geographies. Have held various leadership roles in product management, business development and marketing, and have taken various cutting-edge products and 151 technologies to market.

Aashish H. Kashi Parekh, aged 56 years, is an Independent and Non-Executive Director of the Company. He has been qualified as a member of The Institute of Chartered Accountants of India in 1991. He completed his graduation in Ahmedabad and completed Chartered Accountancy in Kashiparekh & Associates. Mr. Aashish is conversant with SAP and has an eye over the new Accounting Standards and keen interest in IFRS and International taxation with a vision to connect India to the global world. He has specialized in risk assessment and internal audits including due diligence for amalgamation, de mergers and takeover.

Mayur Rathod, aged 42, is the Non-Executive Director and Practice Development Manager of the Company. He has completed his bachelor in Computer Science and his master in Computer Applications.

To conclude, the Promoters of the Company have vast knowledge as well as exceptional experience in the Cybersecurity field having relevant certifications for the same. The Non-Executive Directors also have impressive background and vast experience in their respective fields. All of them will help in the sustainability of the Company and derive good growth in the future.

Financial Snapshot

Profit and Loss Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Dec-23
Revenue from Operations	2,111.82	2,293.58	3,659.27	3,035.88
Other Income	8.41	55.11	116.38	25.73
Total Income	2,120.23	2,348.69	3,775.65	3,061.61
Expenses				
Purchase of Product	729.35	710.12	1,669.01	1,877.19
Changes in Inventories	-	-	-	-29.16
Employee Benefit Expenses	784.74	920.47	993.09	552.5
Depreciation and Amortization expense	36.19	32.31	16.64	19.18
Finance Cost	24.54	21.26	38.37	23.8
Other Expenses	268.65	397.25	507.37	260.21
Total Expenses	1,843.47	2,081.41	3,224.48	2,703.72
Earnings Before Interest, Taxes, Depreciation & Amortization	1,089.28	1,164.95	1,444.52	903.84
EBITDA Margin	51.58%	50.79%	39.48%	29.77%
Profit/(Loss) before tax	276.76	267.28	551.17	357.89
Tax Expense				
Current Tax	85.91	52.18	154.75	108
Deferred Tax	-2.99	0.97	-3.71	-0.81
Total Tax Expense	82.92	53.15	151.04	107.19
Profit/(Loss) for the year	193.84	214.13	400.13	250.70
Net Profit Margin	9.14%	9.12%	10.60%	8.19%

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	1.00	500
Reserves and surplus	556.12	775.51	1193.02	946.96
Total Equity	557.12	776.51	1,194.02	1,446.96
2. Non-current liabilities				
(a) Financial liabilities				
Long Term Borrowings	4.76	2.59	0.21	17.62
Long term Provisions	7.59	9.09	12.67	19.38
Total Non-current liabilities	12.35	11.68	12.88	37.00
3. Current liabilities				
Short term Borrowings	39.78	233.29	194.34	367.15
Trade payables-				
(i) MSME	-	-	-	-
(ii) Other than MSME creditors	210.49	288.76	939.96	464.02
Short-term provisions	15.51	18.73	18.14	16.01
Other current liabilities	115.08	120.11	207.71	131.13
Total Current liabilities	380.86	660.89	1,360.15	978.31
Total Liabilities	393.21	672.57	1,373.03	1,015.31
Total Equity and Liabilities	950.33	1,449.08	2,567.05	2,462.27
ASSETS				
1. Non-current assets				
Tangible assets and Intangible assets-				
(i) Property, plant and equipment	107.14	137.71	127.93	147.91
(ii) Intangible assets	1.04	2.99	1.81	0.95

Balance Sheet					(In Lacs)
(iii) Intangible Assets under development	-	-	125.7	388.59	
(iv) Capital Work in Progress	-	-	-	7.81	
Long Term Loans & Advances	138.1	129.57	70.74	65.09	
Deferred Tax Assets (Net)	4.2	3.23	6.93	7.74	
Other Non-Current Assets	2.12	2.12	2.12	13.2	
Total Non-Current assets	252.60	275.62	335.23	631.29	
2. Current assets					
Inventories	-	-	-	29.16	
Trade receivables	416.1	656.08	1,543.42	847.69	
Cash and bank Balance	83.53	66.68	154.07	171.05	
Short-term loans and advances	169.72	377.27	421.58	484.73	
Other Current Assets	28.38	73.44	112.76	298.35	
Total Current assets	697.73	1,173.47	2,231.83	1,830.98	
Total Assets	950.33	1,449.09	2,567.06	2,462.27	

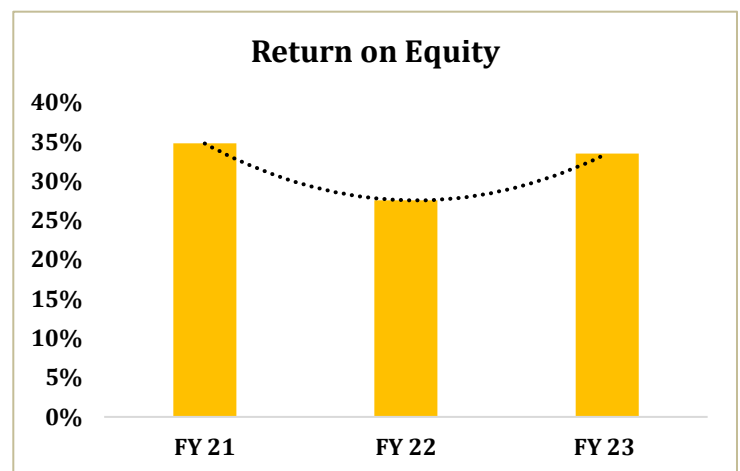
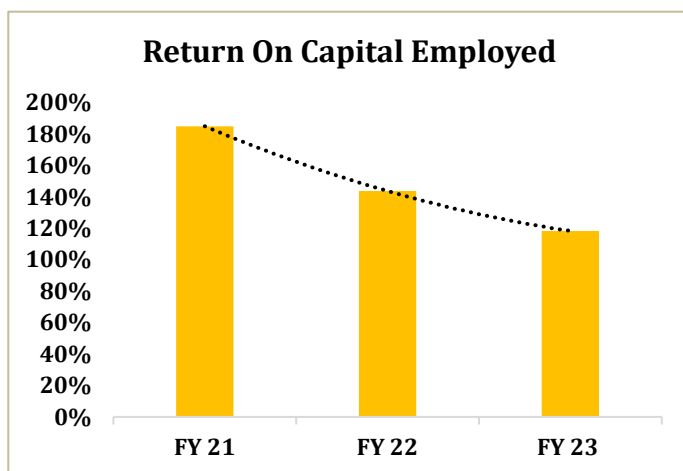
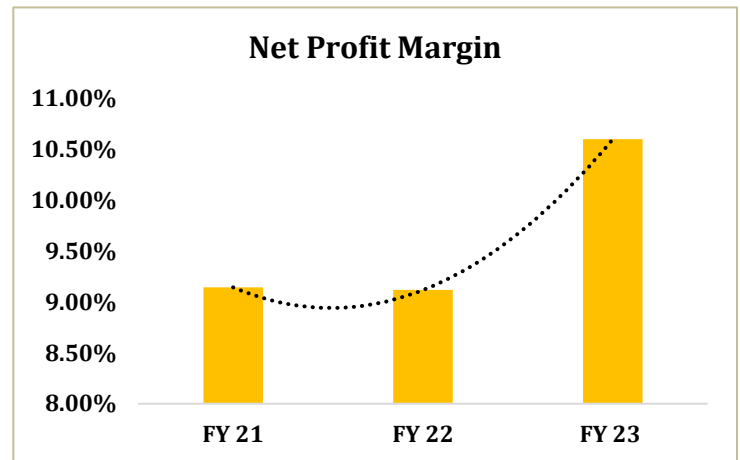
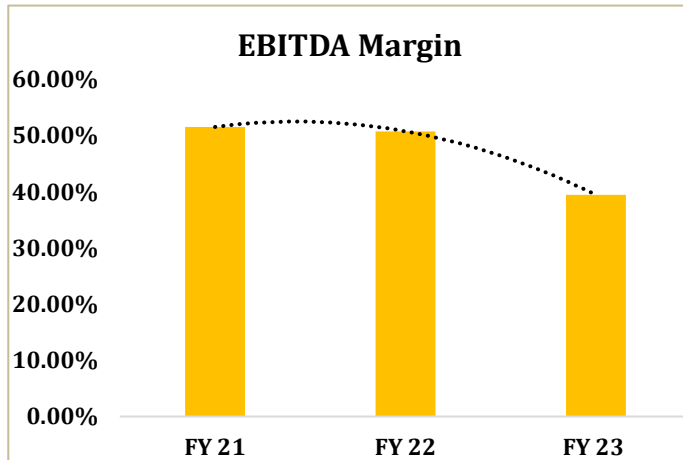
Cash Flow Statement					(In Lacs)
Particulars	FY 21	FY 22	FY 23	Dec-23	
Net Cash Flow from Operating Activities	229.54	-146.31	252.16	133.98	
Net Cash Flow from Investing Activities	-67.3	-45.88	-151.95	-241.19	
Net Cash Flow from Financing Activities	-193.31	170.07	-79.70	166.43	

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Dec-23*
Per Share Data				
Diluted EPS	3.88	4.28	8.00	5.24
BV per share	8.19	11.42	17.56	54.86
Operating Ratios				
EBITDA Margins	51.58%	50.79%	39.48%	29.77%
PAT Margins	9.14%	9.12%	10.60%	8.75%
Inventory days	-	-	-	2.64
Debtor days	71.92	104.41	153.95	76.79
Creditor days	105.33	148.42	205.56	91.64
Return Ratios				
RoCE	184.92%	143.70%	118.31%	31.56%
RoE	34.79%	27.58%	33.51%	9.55%
Valuation Ratios (x)**				
EV/EBITDA	0.48	0.81	0.85	2.98
Market Cap / Sales	3.90	3.59	2.25	2.04
P/E	31.19	28.27	15.13	23.08
Price to Book Value	14.77	10.60	6.89	2.21
Solvency Ratios				
Debt / Equity	0.08	0.30	0.16	0.27
Current Ratio	1.83	1.78	1.64	1.87
Quick Ratio	1.83	1.78	1.64	1.84
Asset Turnover	2.22	1.58	1.43	1.23
Interest Coverage Ratio	1.34	1.23	1.44	1.60

*Annualized Figures

**Valuation Ratios are calculated using the current Issue Price.

Financial Charts



Key Risk Factors

1. Company has experienced negative operating cash flows in the past year, as in FY2022. Any operating losses or negative cash flows in the future could adversely affect results of operations and financial conditions.
2. Present promoters of the Company are first generation entrepreneur. Experience in managing and being instrumental in the growth of Company is limited to the extent of their knowledge and experience and company cannot assure that this will not affect business growth.
3. There is a matter of concern in case of suppliers as its major supplies is based on only 1 supplier, i.e., Ivalue Infosolution Pvt Ltd which provides 87.39% of purchase requirements as of Dec-23 and Top 3 suppliers catered to 96.88% of purchase requirements as of Dec-23.

Track Record of Lead Manager

The lead manager to the issue is Isk Advisors Pvt Ltd. The Lead Manager has worked on a total of 7 Mandates till date, a table has been set below highlighting the details of the IPO of the companies handled by the Lead Manager in recent times:

Isk Advisors Pvt Ltd –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Vishwas Agri Seeds Limited	25.80	86	Apr 01, 2024	76.50
2.	Sadhav Shipping Limited	38.18	95	Mar 01, 2024	203.01
3.	Magson Retail and Distribution Limited	13.74	65	Jul 06, 2023	93.00
4.	Sealmatic India Limited	56.24	225	Mar 01, 2023	555.15
5.	Technopack Polymers Limited	7.87	55	Nov 16, 2022	66.95
6.	Maruti Interior Products Limited	11.00	55	Feb 16, 2022	88.00
7.	Advair Infratech Limited	6.89	51	Sept 28, 2020	1525.35

*CMP for the above-mentioned companies is taken as of 04th June 2024.

As per the offer document, out of mentioned 7 mandates, all except Vishwas Agri Seeds Limited have opened at premiums.

Recommendation

The company has been in the industry since 2013 and thus has good experience in the industry. The company has seen an increasing trend in its top-line financials. The company's management overview is average.

The P/E on a post-IPO and annualized basis is around 23.08 times which makes it fairly priced by looking at the performance of the company and its peers. The Sector P/E is 30.1 times.

The company operates in a competitive segment. The company has seen consistency in the increase of its top line and bottom line. There is issue in the supplier segment of the company with too much reliance on only few suppliers. Its sudden jump in the share capital in December 2023 without much concrete reasons shows some risky traits of the company. The Company is raising almost a quarter of its Market Cap through Fresh issue amounting to Rs.21.78 Cr. It is too soon to comment on its sustainability and future growth.

Thus, we believe **Risk Averse - Should Wait & Risk Seekers - Should Apply** to this IPO.

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