



IPO Report

06th Oct' 22

Snapshot

Tracxn Technologies Limited is among the leading global market intelligence providers for private company data and rank among the top five players globally in terms of number of companies profiled offering data of private market companies across sectors and geographies. Company has one of the largest coverage of private companies in emerging technology sectors including IoT, artificial intelligence, virtual reality, robotics, blockchain and electric vehicles.

VALUATION

Company is bringing the issue at price band of Rs 75-80 per share at p/s multiple of 14x on FY22 basis.

Company being leading global provider of differentiated private market data and intelligence has diverse, longstanding and growing global customer base. Company with its scalable and secure technology platform conceptualized and developed in-house has significant cost advantages from India-based operations along with experienced promoters, board of directors and senior management team, backed by marquee investors. Hence, we recommend "Subscribe" on issue for long term.

Price Band (Rs./Share)	75-80
Opening date of the issue	10th Oct 2022
Closing Date of the issue	12th Oct 2022
No of shares pre issue	100,310,185 Eq Shares
Issue Size	Rs 290-309 Cr
Offer For Sale	38672208 Eq Shares
Face Value (Rs/ share)	1
Bid Lot	185

BIDDING DETAILS

QIBs (Including Anchor)	75% of the offer (Approx 29004157 Eq Shares)
Non-Institutional	15% of the offer (Approx 5800831 Eq Shares)
Retail	10 % of the offer (Approx 3867220 Eq Shares)
Lead managers	IIFL Securities
Registrar to the issue	Link Intime India Pvt Ltd.

WHAT WE LIKE

Diverse, longstanding and growing global customer base

Tracxn Technologies have a diverse base of 1,139 Customer Accounts present in over 58 countries, as of June 30, 2022. Company's Customer Account base has increased by 450 Customer Accounts at a CAGR of 30.42% from 642 Customer Accounts, as of March 31, 2020 to 1,092 Customer Accounts, as of March 31, 2022, and further to 1,139 Customer Accounts, as of June 30, 2022, as a result of its marketing efforts and referrals by existing customers. Some of these Customer Accounts are for Customers that include 'Fortune 500' companies and/or their affiliates. Company's global customer base helps in limit its dependency on a specific customer, industry or geography thereby reducing financial and concentration risk.

Significant cost advantages from India-based operations

As of June 30, 2022, company had a lean 81-member technology and product development team. In addition, company's employee benefit expenses in Fiscals 2020, 2021 and 2022, and in the three months ended June 30, 2021 and 2022, were ₹ 512,792.12 thousand, ₹ 538,130.90 thousand, ₹ 585,710.25 thousand, ₹ 142,648.91 thousand and ₹ 161,703.66 thousand respectively, accounting for 137.35%, 122.92%, 92.31%, 95.28% and 87.86% of its revenue from operations, respectively. These costs are significantly lower compared with costs incurred by its competitors in other jurisdictions.

Leading global provider of differentiated private market data and intelligence

Company is among the leading private market intelligence providers for private company data globally and rank among the top five players globally in terms of number of companies profiled that offer private market data across sectors and geographies. Company's extensive global database coupled with customized solutions and features allows customers to source and track companies across sectors and geographies to address their requirements. Company's platform offers detailed coverage of company information that includes company profiles, funding rounds, capitalization tables, financials and valuation, news, team size and trends, competition mapping and information about founders (to the extent available publicly).



COMPANY BACKGROUND

Tracxn Technologies Ltd have an asset light business model and operate a Software as a Service (“SaaS”)-based platform, Tracxn, that scanned over 662 million web domains, and profiled over 1.84 million entities across 2,003 Feeds categorized across industries, sectors, subsectors, geographies, affiliations and networks globally, as of June 30, 2022. Company’s platform has 3,271 Users across 1,139 Customer Accounts in over 58 countries, as of June 30, 2022. Company’s Customers include a number of Fortune 500 companies and/or their affiliates. Company offer customers private company data for deal sourcing, identifying M&A targets, deal diligence, analysis and tracking emerging themes across industries and markets, among other uses, through its subscription-based platform, Tracxn. Company launched its platform in Fiscal 2015 with a particular focus on the global emerging technology sector, providing users with detailed profiles of companies including detailed information of funding rounds and acquisition related information, taxonomy and market maps, global competitor benchmarking, financial information, valuation and capitalization tables, employee count, investor profiles, competitor mapping, information about founders, key team and board member, company and sector specific reports and news events. Company have since then expanded its coverage to include 18 data modules and over 1.84 million entities, as of June 30, 2022.

Company have a geographically diversified Customer Account base comprising (i) private market investors and investment banks viz., venture capital and private equity investors, investment banks, (ii) corporates across industries, and (iii) others including government agencies, universities, accelerators and incubators. Tracxn’s Customer Accounts have increased at a CAGR of 30.42%, from 642 Customer Accounts, as of March 31, 2020 to 1,092 Customer Accounts, as of March 31, 2022, and 1,139 Customer Accounts as of June 30, 2022. Company have maintained long standing relationships with its customers and as of June 30, 2022, 23.44% or 267 active Customer Accounts have been associated with company for over three years (with a maximum gap of three months between subscriptions).

Tracxn is led by its Promoters, Neha Singh and Abhishek Goyal, who are first generation entrepreneurs. Each of them has significant experience in the venture capital and technology industry and have in the past been associated with venture capital firms such as Accel Partners and Sequoia Capital. Both have been recognized by Fortune India in the ‘40 Under 40’ list in 2018 and 2019. Neha Singh was also recognized as being amongst ‘The Most Powerful Women’, as part of the ‘Rising Stars’ category by Business Today in 2019 and recognized as an ‘Outstanding Women’ by Outlook Business in 2016. Company is supported by an experienced team of Key Management Personnel who have significant experience in all aspects of business operations and who have helped grow company’s operations. Company have been recognized by Forbes as among the ‘Top 100 Analytics Startups of 2015’ and by Business Today as one of the ‘Coolest Startups of India’ in 2016. Company’s operations have been supported by investments from angel investors such as Ratan Tata, the NRJN Family Trust, Neeraj Arora, Sachin Bansal, Binny Bansal, Amit Ranjan, Girish Mathrubootham, Anand Rajaraman, Amit Singhal and Ashish Gupta. Company have also received investments from Elevation Capital, Accel Partners, Sequoia Capital, Prime Venture Partners and KB Investments.

Key operational and financial performance indicators in relation to company’s business are set out in the table below:

Parameter	As of/For the year ended march 31,			As of/For the three months ended June 30,	
	2020	2021	2022	2021	2022
Operational Parameters					
Customer Accounts	642	855	1092	946	1139
Users	2075	2358	3117	2720	3271
Entities Profiled	937698	1345311	1759902	1420055	1838928
Financial Parameters					
Revenue from operations (₹ thousand)	373342.21	437786.71	634535.12	149720.96	184044.95
Contract Price (₹ thousand)	404577.79	510391.40	695752.77	158174.58	188812.69



INVESTMENT RATIONALE	
<i>Leading global provider of differentiated private market data and intelligence</i>	Company is among the leading private market intelligence providers for private company data globally and rank among the top five players globally in terms of number of companies profiled that offer private market data across sectors and geographies. Company's extensive global database coupled with customized solutions and features allows customers to source and track companies across sectors and geographies to address their requirements. Company's platform offers detailed coverage of company information that includes company profiles, funding rounds, capitalization tables, financials and valuation, news, team size and trends, competition mapping and information about founders to the extent available publicly.
<i>Scalable and secure technology platform conceptualized and developed in-house</i>	Company's platform, based on a combination of technology and human analysts, is able to process vast amounts of data. Company conceptualized and developed its platform in-house, and it is designed to be scalable and reliable providing company flexibility to launch new features as per its internal product road map. The platform has been designed and built primarily using new-age technologies, for hosting on cloud infrastructure. At its core, Tracxn is a data and market intelligence platform with over a million curated entity profiles mapped to over 49,000 different business models, searchable in near real-time through a set of search tools built in-house using an open search engine and analytics solution. In addition, company have built a range of business and workflow tools like an inbuilt CRM tool, custom dashboard builder, tools for sourcing, tracking companies, portfolio tracking, API support, browser extensions, ability to save searches and provide alerts and export tools. Company also offer enterprise grade support for customer queries with personalized support over chat, email and instant messaging applications
<i>Significant cost advantages from India-based operations</i>	Company's business is technology driven, asset light and scalable, as evident by its employee benefit expenses, depreciation and amortization expenses and other expenses that have remained relatively unchanged despite significant increase in its revenue from operations in recent years. As of June 30, 2022, company had a lean 81-member technology and product development team. In addition, company's employee benefit expenses in Fiscals 2020, 2021 and 2022, and in the three months ended June 30, 2021 and 2022, were ₹ 512,792.12 thousand, ₹ 538,130.90 thousand, ₹ 585,710.25 thousand, ₹ 142,648.91 thousand and ₹ 161,703.66 thousand respectively, accounting for 137.35%, 122.92%, 92.31%, 95.28% and 87.86% of its revenue from operations, respectively. These costs are significantly lower compared with costs incurred by its competitors in other jurisdictions. Remuneration in countries like India is almost 10 times lower than that in United States and around six times lower than that in UK
<i>Experienced Promoters, Board of Directors and senior management team backed by marquee investors</i>	Company's Promoters, Neha Singh and Abhishek Goyal have significant experience in the software and technology 144 sectors and are involved in company's day-to-day operations. They have previously been associated with venture capital firms such as Accel Partners and Sequoia Capital and therefore, have been able to leverage their technology and venture capital experience to develop the Tracxn platform.. In addition, company's Board comprises nominee directors of Elevation Capital, Vivek Kumar Mathur and Ravi Chandra Adusumalli, whose strategic guidance and insights have also helped grow its operations. Company's shareholders include venture capitalist and private equity firms including Ratan Tata, the NRJN Family Trust, Neeraj Arora, Sachin Bansal, Binny Bansal, Amit Ranjan, Girish Mathrubootham, Anand Rajaraman, Amit Singhal and Ashish Gupta and Elevation Capital, Accel Partners, Sequoia Capital, Prime Venture Partners and KB Investments. Company have benefited, and expect to continue to benefit, from capital sponsorship and professional expertise of its shareholders.



OBJECTS OF OFFER

The objects of the Offer are to achieve the benefits of listing the Equity Shares on the Stock Exchanges and the sale of up to 38,672,208 Equity Shares by the Selling Shareholders (being Neha Singh, Abhishek Goyal, Elevation Capital, Accel India IV (Mauritius) Limited, SCI Investments V, Prashant Chandra, Binny Bansal, Sachin Bansal, WGG International Limited, Sahil Barua, Deepak Singh, Trustees, NRJN Family Trust, Milliways Fund LLC, Rathnagirish Mathrubootham, Trustees, Kolluri Living Trust, Apoletto Asia Ltd and Manoj Kumar Gandhi) in the Offer.

RISKS

Company anticipate continued challenges from current competitors, which in many cases are more established and enjoy greater resources than company, as well as by new entrants into the industry. If company is unable to anticipate or effectively react to these competitive challenges, its competitive position could weaken, and company could experience a decline in its growth rate or revenue that could adversely affect company's business and results of operations. Company's competitors include, among others, other private market data service providers such as Crunchbase, CBInsights, PrivCo and Pitchbook whose databases included approximately 0.8 million, 0.5 million, 0.8 million and 3.4 million private companies, respectively, as of the second quarter of 2022

Source:RHP

INDUSTRY OVERVIEW

Market Size of Private Market Data Service

Gap in Total Addressable Market and Total Available Market is expected to further heat-up the competition in private market data service provider landscape Current Global Market Size and Market Forecast Private market data is a subset of the bigger B2B information services market. Most players in this market are a mix of old and new companies and have seen strong growth over a period of time. Private markets are growing rapidly worldwide and the business activities happening around these companies have been immense. To stay in competition, businesses, especially PE firms, VC firms, large corporates have to have greater insight into the market. These businesses should know which sectors are making exceptional growth; skill-set that is prevalent in market and also about what other private market investors or large corporates are doing. To understand this, these firms have to dedicate both time and resources to develop an in-house research teams that tracks the progress of private companies across the globe. However, due to lack of time and limited resources, businesses prefer services from private market intelligence providers who not only collect data across multiple factors but also provide valuable insights that help businesses in better and quicker decision making without compromising on the core business activities.



Consolidated Financials

(Rs in 000)

Financials	FY20	FY21	FY22	Q1FY23
Total Revenue (A)	62249.39	547184.09	640616.09	188105.12
Total Expenditure (B)	597811	608371.04	653691.63	182192.76
EBIDTA	-535561.61	-61186.95	-13075.54	5912.36
EBIDTA Margin	-860.35	-11.18	-2.04	3.14
Other Income	882.62	10233.50	10963.48	2696.14
Depreciation	5649.38	2523.15	1456.72	249.08
EBIT	-540328.37	-53476.60	-3568.78	8359.42
Interest	0.00	0.00	0.00	0.00
PBT	-540328.37	-53476.60	-3568.78	8359.42
Extraordinary item	0.00	0.00	44907.73	0.00
PBT	-540328.37	-53476.60	-48476.51	8359.42
Tax	0.00	0.00	0.00	0.00
PAT	-540328.37	-53476.60	-48476.51	8359.42
NPM	-868.01	-9.77	-7.57	4.44
ROE %	39.95	-24.06	-23.49	3.64
EPS	-487.95	-48.29	-0.48	0.08
Eq Cap	1,107.34	1,107.34	1,00,310.18	1,00,310.18
Net Worth	-1352426.74	222231.77	206411.11	229818.94

(Source: RHP)



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