

TRACXN TECHNOLOGIES LTD.

RECOMMENDATION : BUY

MARKET PRICE : Rs.70.80 (As on 6th Apr 2023)

TARGET PRICE : Rs.89.00

FACE VALUE : Re.1

BSE CODE : 543638

NSE CODE : TRACXN



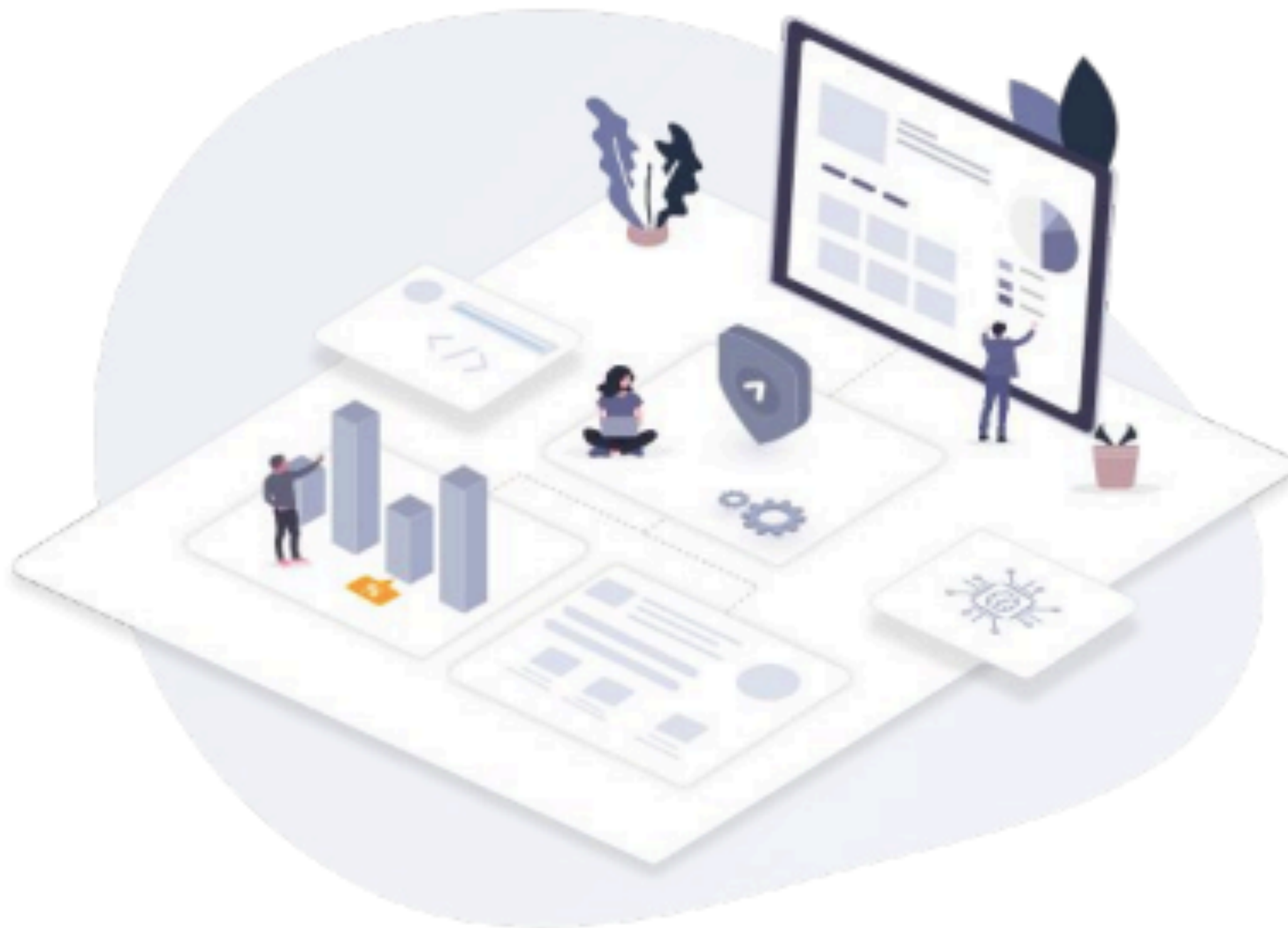


ABOUT THE COMPANY

Tracxn Technologies Ltd. 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. The Company has one of the largest global coverage of private companies in emerging technology sectors including IoT, artificial intelligence, virtual reality, robotics, blockchain and electric vehicles. Its platform uses an in-house developed algorithm based on a combination of technology and human analysts, to process vast amounts of data, create profiles and provide market intelligence on private market companies. The Company's human-in-the-loop plays a strategic role, focusing on quality assurance and addressing data and intelligence gaps that technology alone cannot solve. Its platform includes multiple work-flow tools such as a customisable customer relationship management ("CRM") tool integrated with our database allowing for better deal management. The platform allows personalisation for enhanced tracking and data driven insights. Its capabilities include sourcing dashboards both locally and globally, portfolio tracking, data intelligence and data analytics.

The Company has an asset light business model and operate a Software as a Service ("SaaS")-based platform, Tracxn, that scanned over 550M+ web domains and profiled over 1.4M+ entities through 1,800+ feeds categorised across industry, sectors, sub-sectors, geographies, affiliations and networks globally. It offers 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 our subscription-based platform, Tracxn. The Company is also the only private market data provider to undertake proprietary taxonomy for technology sector companies.

Tracxn Overview



Tracxn is a Data & Software platform for the Private Markets globally

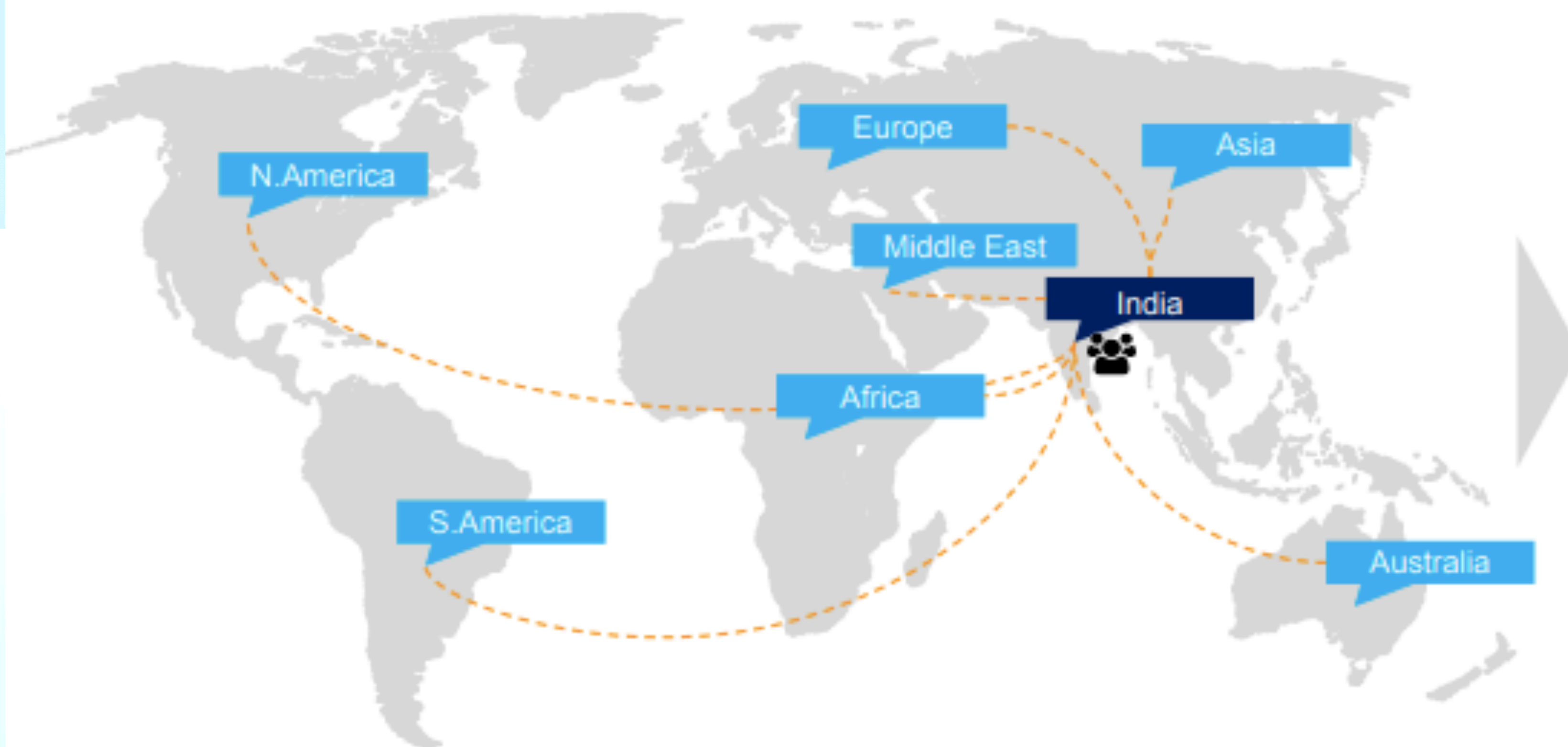
We work with Venture Capital Firms, Private Equity Firms, Investment Banks - as well as M&A & Innovation teams of large Corporates

Global Platform, customers span 50+ countries

Our Journey



Significant cost advantages from India-based operations



Significant cost advantage due to **make-in-India**. Especially:

- **Data-production & technology platform** is built from India
- **Global sales** happens from India (sales & support teams work across all time zones)
- Very efficient content-driven **customer acquisition flywheel**

These give us a significant and long-lasting cost advantage

Robust Technology Platform

Wide range of business and workflow tools –

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

Enterprise grade support – for customer queries with personalized support over chat, email and instant messaging applications

Hosted on cloud servers – ensures minimum downtime

Advanced security – in-built security features provided by the cloud infrastructure provider

Virtual private cloud – allows to establish a secure internal network & a safe gateway to enable communication of internal resources

Industry grade HTTPS – for encrypted communication over the internet

Periodic checks – tools to periodically check on potential security threats



Scalable backend framework – based on open source technologies

Automated – based on web crawling and data engine to track millions of web domains, track data points across digital footprint of entities and add several companies to database

Flexible platform – aids launching of new features

In-house data mining engine – automate discovery of new-age companies by tracking 600 mn+ domains across emerging technology sectors and sector classification of entities tracked

Multiple products introduced on platform since inception – soonicorn coverage, personalized dashboards, Tracxn Score, live chat, and others

Q3 FY23: Financial Performance Summary

Continued growth of revenue & profitability, increasing FCF

REVENUE

Revenue from Operations

20.3 Cr.

▲ 23% YoY

Total Income

21.0 Cr.

▲ 25% YoY

PROFITABILITY

EBITDA

excl IPO Expense¹

0.8 Cr.

▲ 5% YoY

PAT

excl IPO Expense¹

1.4 Cr.

▲ 27% YoY

EBITDA Margin

excl IPO Expense¹

3.9%

▼ Margin reduced by 0.7%
YoY

PAT Margin

excl IPO Expense¹

7.1%

▲ Margin expanded by 0.2%
YoY

OTHER

Free Cash Flow (9M)¹

7.8 Cr.

▲ 149% YoY*

Cash & Cash Equivalents²

55.4 Cr.

▲ 27% YoY*

▲ 11.7 Cr. YoY*

In INR

Continued revenue growth, investments in growth initiatives and
continued increase in FCF & Cash & Cash equivalents

9M FY23: Financial Performance Summary

Continued growth of revenue & profitability, increasing FCF

REVENUE

Revenue from Operations

57.8 Cr.

▲ 25% YoY

Total Income

60.1 Cr.

▲ 27% YoY

PROFITABILITY

EBITDA

excl IPO Expense¹

1.9 Cr.

▲ 3.6 Cr. YoY, up from
(1.7) Cr. in 9M FY22

EBITDA Margin

excl IPO Expense¹

3.2%

▲ Margin expanded by 7.0%
from (3.8)% in 9M FY22

PAT

excl IPO Expense¹

4.1 Cr.

▲ 4.8 Cr. YoY, up from
(0.7) Cr. in 9M FY22

PAT Margin

excl IPO Expense¹

7.1%

▲ Margin expanded by 8.6%
from (1.5)% in 9M FY22

OTHER

Free Cash Flow (9M)¹

7.8 Cr.

▲ 149% YoY*

Cash & Cash Equivalents²

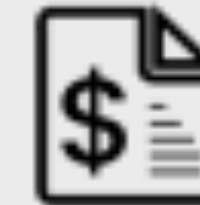
55.4 Cr.

▲ 27% YoY*
▲ 11.7 Cr. YoY*

Select Recent Initiatives

1 Expanding coverage of Company Financials & Captables

- Currently cover private company financials across 15+ countries and captables across 10+ countries
- Seeing demand for this data - especially from Private Equity (PE) and Investment Banking (IB) segments among others
- For illustration - *An investor is looking to scan an upcoming space like “single speciality hospital chain” or “D2C , Internet-first brands” in a particular country, and in addition to interesting companies, market landscape, also those with >50Cr. revenue scale*
- Hence, increasing coverage of these datasets. Bulk of the increments required for this (eg. team size increase) is already done
- We believe this will help us accelerate revenue growth and increase our penetration within the customer segments especially PE & IB



Private Company Financials

Currently across 15+ Countries



Private Company Captables

Currently across 10+ Countries



Select Recent Initiatives

3 Others

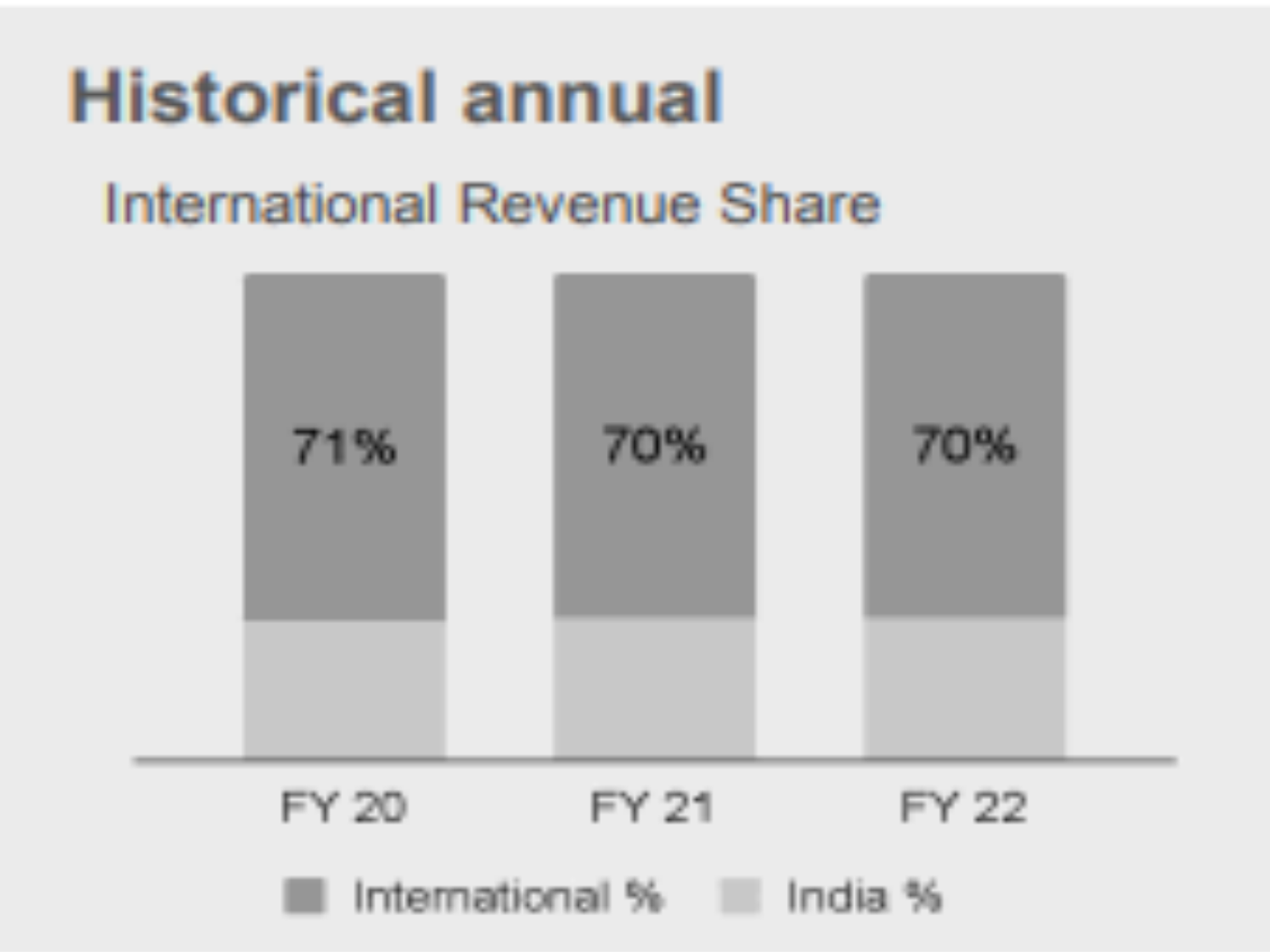
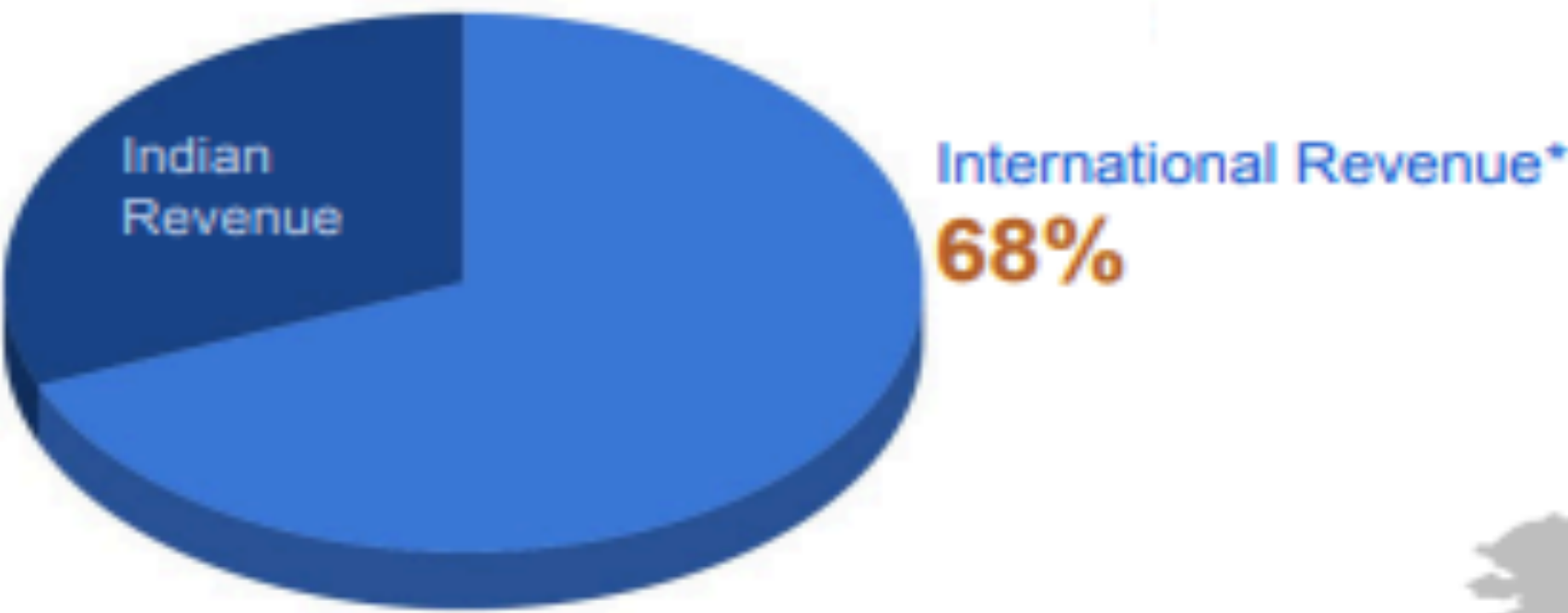
- **Scaling of the Inside Sales Team** spanning different geographies
- More people coming **back to office** - which has contributed to cost increment in rental and other overheads
- Bulk of the increments required for these initiatives (eg. team size increase or rentals increase) is already done
- We believe these should also contribute to increased revenue momentum in future
- Also, we expect bulk portion of the incremental revenue to continue going to the bottomline within the next 2-3Qs

Global Customer Base

~70% international revenue in 9M FY23

Customers span over **50+ countries**

Top 5 countries by #customer accounts:
India, USA, UK, Singapore, Germany





Yearly Results

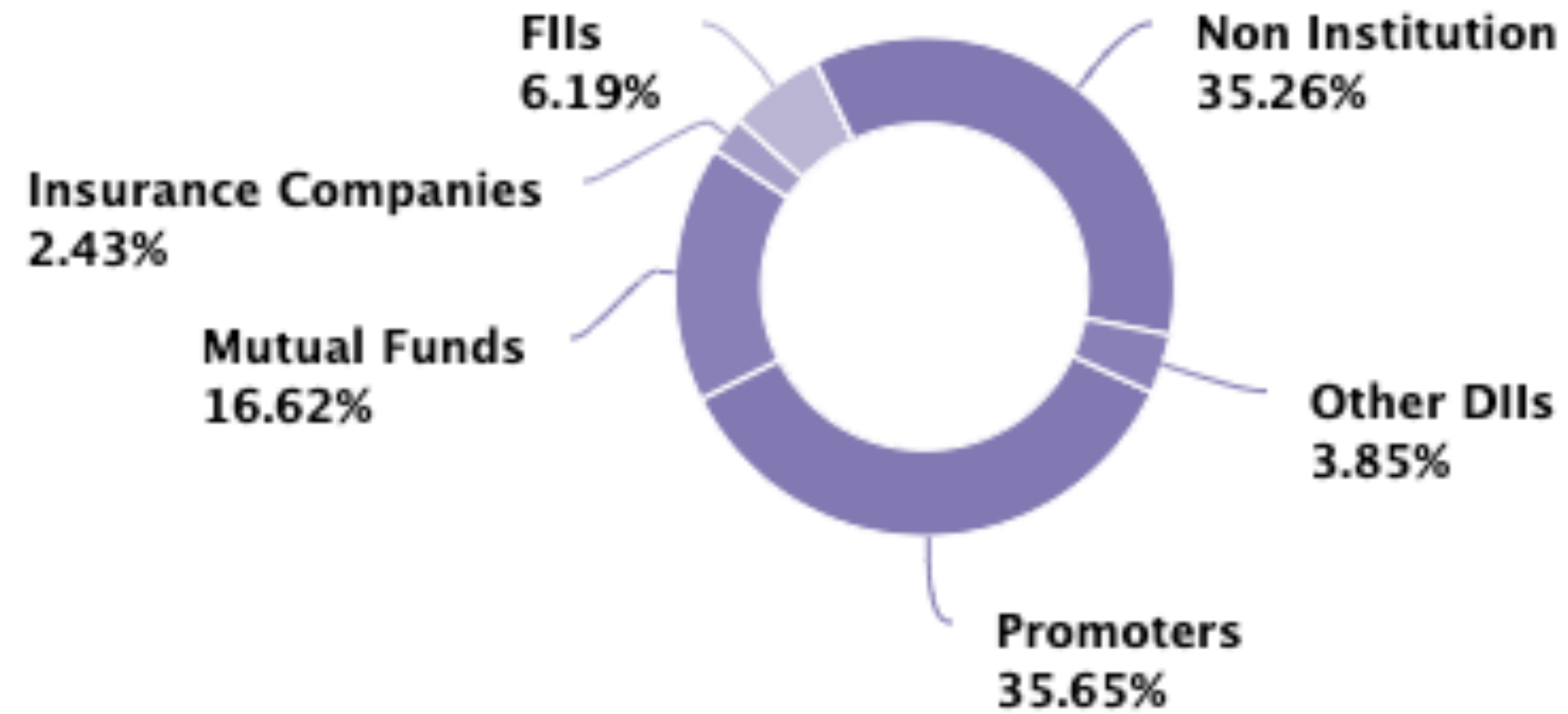
Indicator	Mar-2022	Mar-2021	Mar-2020	Mar-2019	Mar-2018
Total Revenue Annual Cr	65.2	55.7	6.3	34.4	29.1
Operating Revenues Annual Cr	63.5	43.8	37.3	33.2	27.8
Other Income Annual Cr	1.7	12	-31	1.2	1.3
Operating Expenses Annual Cr	65.4	60.8	59.8	55.4	56.4
Operating Profit Annual in Cr	-1.9	-17.1	-22.4	-22.2	-28.6
Operating Profit Margin Annual %	-2.94%	-30.60%	-355.55%	-64.55%	-98.14%
Total Expenses Annual Cr	65.5	61.1	60.3	56	57
Other Expenses Annual Cr	6.8	7	8.5	7.6	5.7
Employee Expenses Annual Cr	58.6	53.8	51.3	47.8	50.6
Cost Of Power Purchased Annual Cr	0	0	0	0	0
Cost Of Fuel Annual Cr	0	0	0	0	0
EBIDT Annual Cr	-0.2	-5.1	-53.5	-21	-27.3
EBIDT Annual margin %	-0.32%	-9.14%	-846.92%	-61.15%	-93.77%
Interest Annual Cr	0	0	0	0	0
Depreciation Cr	0.1	0.3	0.6	0.7	0.6
Profit Before Tax Annual Cr	-4.8	-5.3	-54	-21.7	-27.9
Tax Annual Cr	0	0	0	0	0
PAT Before ExtraOrdinary Items Annual Cr	-4.8	-5.3	-54	-21.7	-27.9
Minority Interest Income Annual Cr					
Net Profit Annual Cr	-4.8	-5.3	-54	-21.7	-27.9
Net Profit Margin Annual %	-7.63%	-12.21%	-144.72%	-65.27%	-100.18%
Basic EPS Annual Rs	-0.5	-0.6	-5.5	-195.6	-251.7



Key Financial Ratios

Indicator	Mar-2022	Mar-2021	Mar-2020	Mar-2019	Mar-2018
Book Value Per Share Annual Rs	2.1	193.6	-1222.2	221.3	386
RoA Annual %	-8.97%	-11.03%	-103.16%	-56.53%	-53.27%
ROE Annual %	-23.48%	-24.94%	0.00%	-88.38%	-65.20%
ROCE Annual %	-1.47%	-21.30%	-145.57%	-79.99%	-62.50%
Profitability Ratio					
EBDIT Annual Margin %	-0.33	-11.63	-143.21	-63.3	-98.05
EBIT Annual Margin %	-0.56	-12.21	-144.72	-65.27	-100.18
PBT Annual Margin %	-7.63	-12.21	-144.72	-65.27	-100.18
Net Profit Margin Annual %	-7.63	-12.21	-144.72	-65.27	-100.18
Asset Turnover Ratio Annual	1.2	0.9	0.8	0.7	
Liquidity Ratio					
Current Ratio Annual	1.6	2	3.2	3	6.3
Quick Ratio Annual	1.6	2	3.2	3	6.3
Dividend Payout to NP Annual %	0	0	0	0	0
Dividend Payout CP Annual %	0	0	0	0	0
Earning Retention Annual %	0	0	0	0	0
Cash Earning Retention Annual %	0	0	0	0	0
Cash Earning Retention Annual %	0	0	0	0	0
Valuation Ratio					
EnterpriseValue Annual Cr	0	0	0	0	0
EV Per Net Sales Annual					
Price To Book Value Annual					
EV Per EBITDA Annual					
Market Cap Per Sales Annual					
Retention Ratio Annual %	0	0	0	0	0
Earnings Yield Annual	0	0	0	0	0
Total Debt to Total Equity Annual	0	0	0	0	0

Shareholding Pattern an on Dec'22



Summary

- ❖ With deliverance of stellar performance in Q3 of FY'23 on contrary to Q2 of FY'23, the Company's Net Sales grew up by 5.96% i.e. Rs.20.25 crs in Dec'22 versus Rs.1819.11.40 crs in Sep'22. However, the Net Profits mushroomed by 303.24% i.e. Rs.6.21 crs in Dec'22 as compared to Rs.1.54 crs in Sep'22.
- ❖ As per fair financials and good valuations, the Company is available at a fine price of Rs.70.80 with its 52 week low at Rs.60.10 and 52 week high at Rs.103.40.
- ❖ Viewing that the Promoters are holding majority stake around 35.65% as well as its sound valuations, anticipates that the Management is growth oriented.
- ❖ In Public Shareholding as on Dec'22, the FIIs & the Other DIIs collectively stood with 10.04% stake. Whilst, the Mutual Fund Houses own 16.62% holdings in the Company.
- ❖ As a reassuring fact, Tracxn Technologies Ltd. is held by NIPPON INDIA MF, ICICI PRU MF, FRANKLIN TEMPLETON MF, KOTAK MF & WOC MF.

Disclosure

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I, Amiteshwar Singh, am the proprietor of M/S Amiteshwar.in. I am a Research Analyst registered with SEBI having registration no. INH100010013. I provide services through my website www.Amiteshwar.in which is primarily focused on research of Multi-Cap stocks of India.

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1. My spouse, Mrs. Prabhjash Kaur
2. My daughter, Ms. Palvit Kaur

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