

IPO Details

Opening Date	Sep 26, 2022
Closing Date	Sep 29, 2022
Stock Exchange	BSE SME
Lot Size	1200 Shares
Issue Price	₹ 101 per share
Issue Size	34,99,200 Equity Shares
Application Amount	₹ 1,21,200

IPO Objective

Funding Working Capital Requirement
 Product registration in the international markets
 General Corporate Purpose
 Meet Public Issue Expenses

Pre-Issue Shareholding

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	80,00,000	100.00%
Public	-	-

Promoter of the Company

1	Mr. Hardik Jigishkumar Desai
2	Mr. Mayurkumar Mansukhbhai Gajera
3	Mrs. Rupaben C Jariwala
4	Mrs. Rinkal Mayurbhai Gajera
5	Mr. Tarang Nathabhai Gajera
6	Mr. Mohak Nathabhai Gajera

Competitive Strengths

1	Experienced Promoters and Management Team
2	Wide range of Products
3	Strategic Location of Contract Manufacturing Facilities
4	Diversified business operations and revenue base
5	Scalable Business Model

Company Background

- Company was incorporated in the year 2014 in Gujarat.
- Company is engaged in in the pharmaceutical business ethical marketing in domestic as well as international market.
- It is also engaged in distribution of pharmaceutical products through third party distribution network.
- They deal in Capsules, Tablets, Liquid Ointment, Gel, Ice Gel, Mouthwash, Paste, Solution, Suspension, Dry powders and Toothpaste.
- Their product portfolio comprises of wide range of drugs like Anti-Bacterial, Anti Diarrheal, Anti-Fungal, Anti-Malarial, Anti Diabetic, Dental Cure, Proton Pump Inhibitor, Anti Protozol, Anti Histamine, Anti-Hypertensive drugs, Anti Lipidemic Drug, Anti Parasitic, Multivitamin, Multimineral Nyteraceutical and Non-steroidal anti-inflammatory drug (NSAIDS).
- As on the date of filing of prospectus, the company has 30 employees on its payroll.

Financial Summary

For the Period Ended	(In Lacs)		
	Mar-22	Mar-21	Mar-20
Total Assets	1,385.98	1,144.11	638.92
Net Assets	480.25	(47.07)	(300.30)
Total Borrowings	245.31	452.53	646.23
Total Revenue	2,237.14	978.13	500.17
Profit After Tax	227.32	63.23	(79.63)

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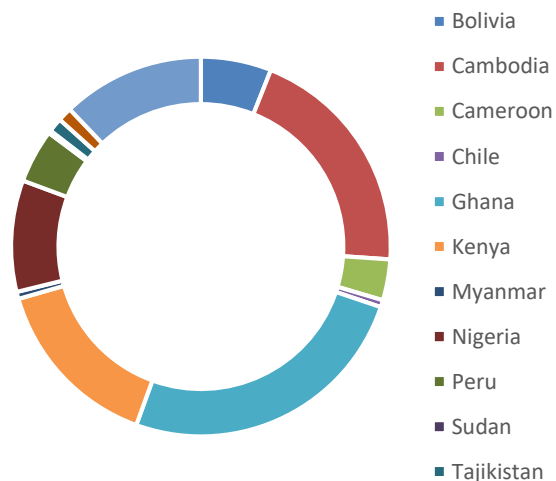
Company Overview

Trident Lifeline Limited was incorporated in the year 2014 and is engaged in the pharmaceutical industry. The company is engaged in the business of marketing and distributing of pharmaceutical products in both domestic and international market. The company is also engaged in contract manufacturing of its products.

Analysis

Being incorporated in the year 2014, the company has a decent track record of existence. The company is in pharmaceutical industry which has stable growth in coming times. Being mainly operating as marketing and distribution of pharmaceutical industry, the company has a total of 832 products as on 31st May 2022. A number of 267 products are registered in 8 countries and 565 products are under registration in 11 countries. A summary of the product segment of the business bifurcated country wise is given below –

Particulars	Registered	Under Registration	Total
Bolivia	-	50	50
Cambodia	55	112	167
Cameroon	29	-	29
Chile	-	5	5
Ghana	114	97	211
Kenya	33	92	125
Myanmar	-	5	5
Nigeria	9	70	79
Peru	1	37	38
Sudan	2	-	2
Tajikistan	-	10	10
Uzbekistan	-	10	10
Venezuela	24	77	101
Grand Total	267	565	832



The company has its highest product registered in Ghana followed by Cambodia. It shows that the company is majorly operating in the foreign countries than the domestic market.

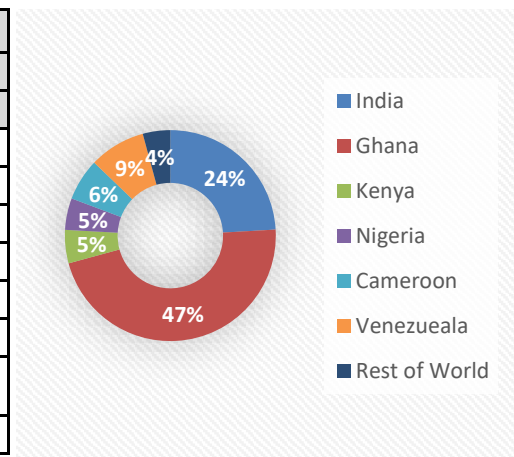
Talking about the registered products, the company has tablet as its highest registered product followed by capsules. Likewise, the highest grossing product for

the company has been tablet. A summary of product wise revenue in recent times is given below –

Particulars	For the year ended March 31					
	2022		2021		2020	
	Sales	%	Sales	%	Sales	%
Capsules	592.69	27.23%	262.09	27.24%	84.72	17.17%
Cream	18.59	0.85%	-	0.00%	-	0.00%
Gel	-	0.00%	-	0.00%	0.76	0.15%
Ice gel	-	0.00%	-	0.00%	-	0.00%
Mouth Wash	26.46	1.22%	-	0.00%	12.93	2.62%
Ointment	-	0.00%	-	0.00%	-	0.00%
Paste	-	0.00%	-	0.00%	-	0.00%
Solution	-	0.00%	-	0.00%	-	0.00%
Suspension	114.64	5.27%	53.26	5.54%	0.75	0.15%
Syrup	171.81	7.89%	203.88	21.19%	74.46	15.09%
Tablet	1,000.91	45.77%	363.36	37.76%	183.71	37.23%
Toothpaste	4.93	0.23%	-	0.00%	-	0.00%
Other operating Revenues	246.76	11.55%	79.64	8.28%	136.16	27.59%
Total Sales	2,176.79	100.00%	962.23	100.00%	493.49	100.00%

The revenue generated from the company has been highest from Ghana followed by India.

Particulars	For the year ended March 31					
	2022		2021		2020	
	Sales	%	Sales	%	Sales	%
India	524.35	24.09%	286.97	29.82%	294.62	59.70%
Ghana	1015.88	46.67%	437.93	45.51%	118.11	23.93%
Kenya	111.25	5.11%	89.6	9.31%	3.92	0.79%
Nigeria	105.71	4.86%	24.54	2.55%	69.77	14.14%
Cameroon	139.98	6.43%	105.98	11.01%	0	0.00%
Venezueala	187.91	8.63%	0	0.00%	0	0.00%
Rest of World	91.71	4.21%	17.21	1.79%	7.07	1.43%
Total Sales	2,176.79	100%	962.23	100%	493.49	100%



To conclude, the company has been majorly operating in distribution and marketing of the pharmaceutical products. The company has been able to generate increasing revenue but has shown sudden increase in revenue in the year before its IPO raising eyebrows.

Industry Charts

Exhibit 1: Indian Pharma Market Expected to grow at a CAGR of 12% from FY 21 to FY 30

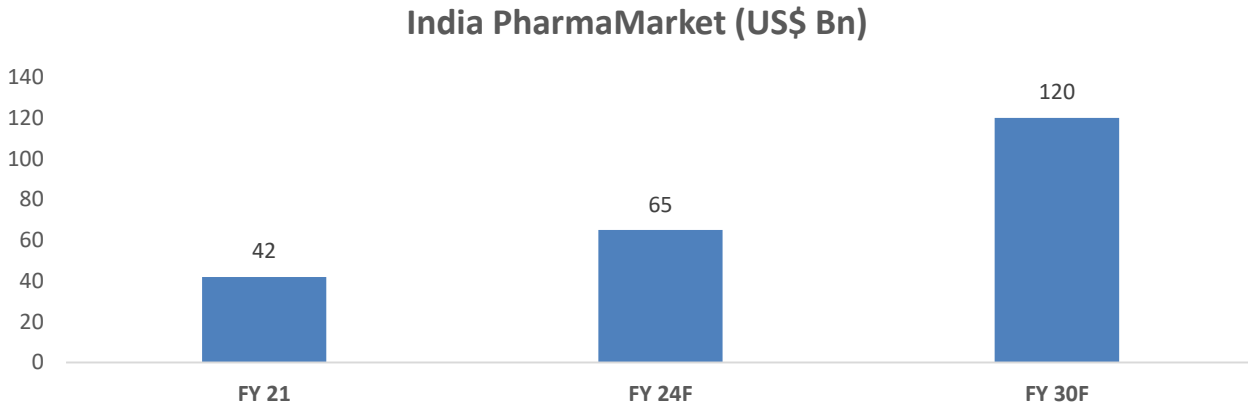


Exhibit 2: R&D as a % of Sales by Top 10 Indian Pharma Companies

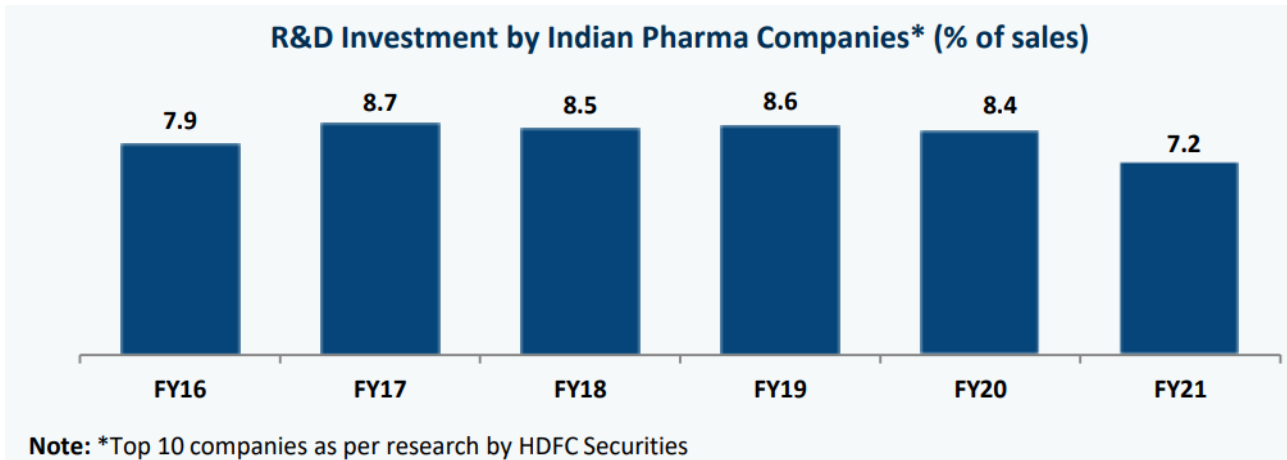
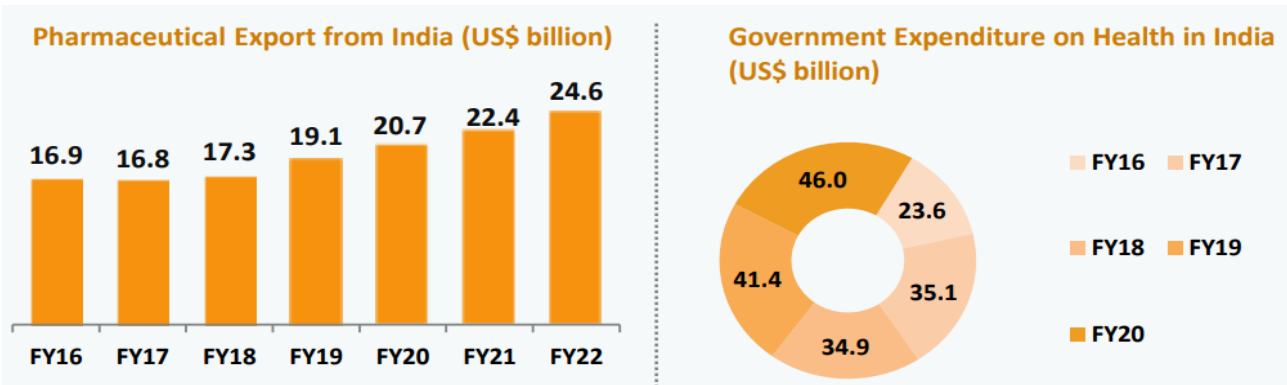


Exhibit 3: Key Trends in Pharmaceutical



(Source: ibef.org)

Investment Overview

Pharma Industry

India is the largest provider of generic drugs globally. Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in the UK. Globally, India ranks 3rd in terms of pharmaceutical production by volume and 14th by value. The domestic pharmaceutical industry includes a network of 3,000 drug companies and ~10,500 manufacturing units. India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers with a potential to steer the industry ahead to greater heights. Presently, over 80% of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

According to the Indian Economic Survey 2021, the domestic market is expected to grow 3x in the next decade. India's domestic pharmaceutical market stood at US\$ 42 billion in 2021 and is likely to reach US\$ 65 billion by 2024 and further expand to reach US\$ 120-130 billion by 2030. India's biotechnology industry comprises biopharmaceuticals, bio-services, bio-agriculture, bio-industry, and bioinformatics. The Indian biotechnology industry was valued at US\$ 70.2 billion in 2020 and is expected to reach US\$ 150 billion by 2025. India's medical devices market stood at US\$ 10.36 billion in FY20. The market is expected to increase at a CAGR of 37% from 2020 to 2025 to reach US\$ 50 billion. As of August 2021, CARE Ratings expect India's pharmaceutical business to develop at an annual rate of ~11% over the next two years to reach more than US\$ 60 billion in value.

(Source: ibef.org)

Addressable Market for Trident Lifeline Limited

The company has been catering both the domestic as well as export market. The major export market of the company is Ghana. The company has registered its products in 8 countries and is looking to register its products in 11 more countries. Company currently target the Latin America and African countries and could target more regions both domestically and internationally.

Competition

Company operates in a highly competitive environment. Industry has some reputed players who has bigger capital base than that of the company. The entry to barriers is low which makes the threat of new entry high. Also with available of many suppliers, the bargaining power of the company is less.

Peer Analysis

As Mentioned in the prospectus, the company has mentioned 2 listed company as its peer viz. Vaishali Pharma Limited and Chandra Bhagat Pharma Limited. A summary on the key financial parameters of these companies is given in the table below –

Company	Trident Lifeline Limited	Vaishali Pharma Limited	Chandra Bhagat Pharma Limited
Net Profit (INR Cr)	2.27	4.02	0.8
EBITDA (INR Cr)	3.36	8.65	4.42
Return on Capital Employed	50.26%	27.59%	0.12%
Return on Equity	47.33%	15.26%	0.03%
EPS (INR)#	2.47	4.48	-
P/E* (Times)	40.93	21.45	-

*PE as on 23/09/2022

#EPS is based on Post-IPO

Promoters' Profile and Management Analysis

Mr. Hardik Jigishkumar



- **Mr. Hardik Jigishkumar** is the Promoter, Chairman and Executive Director of the Company.
- He has more than 8 years of experience in Pharmaceutical Industry.
- He holds the Degree of Bachelor of Commerce from the South Gujarat University.

Mr. Mayankkumar Masukhbhai Gajera



- **Mr. Mayankkumar Mansukhbhai Gajera** is the Promoter and Whole Time Director of the company.
- He has more than 3 years of experience in Pharmaceutical Industry.
- He holds degree of Master's Program in Business Administration (MBA) in Marketing Management from the Indian Institute of Business Management & Studies.

Mrs. Rupaben Chetan Jariwala



- **Mrs. Rupaben Chetan Jariwala** is the Promoter and Additonal Director of the company.
- She has more than 5 years of experience in Pharmaceutical Industry.
- She holds the degree of Bachelor of Commerce from the South Gujarat University.

Mrs. Rinkal Mayurbhai Gajera



- **Mrs. Rinkal Mayurbhai Gajera** is the Promoter of the company.
- She looks after the finance department of the company.
- She holds the degree of Bachelor of Commerce from the Veer Narmad South Gujarat University.

Mr. Tarang Nathabhai Gajera



- **Mr. Tarang Nathabhai** is the Promoter of the Company.
- He is having dynamic experience of more than 5 years in administration work across various industries.
- He is undergraduate by qualification.

Analysis on the Company's Promoter and Board of Directors

Mr. Hardik Jigishkumar aged 44 years is Promoter-Chairman and executive director of the Company. He was designated as Chairman and executive director of the Company for the period of 3 (Three) years on June 27, 2022. He holds the Degree of Bachelor of Commerce from the South Gujarat University He is having experience of more than 8 years in the field Pharmaceutical Industries.

Mr. Shravan Harikrishna Patel aged 28 years is Managing Director of the Company. He Holds the degree of Master of Urban and Regional Planning from CEPT University. He is having more than 3 years of Experience in Pharma Industries.

Mr. Mayurkumar Mansukhbhai Gajera aged 37 years is Whole Time Director of the Company. He holds degree of Master's Program in Business Administration (MBA) in Marketing Management from the Indian Institute of Business Management & Studies. He is having experience of more than 3 years in the field of Pharmaceutical/herbal Industry.

Mrs. Maniya Hardik Desai aged 37 Years is Non- Executive director of the Company. She holds the Bachelor of Business of Administration (B.B.A) in Marketing from Manipal Academy of Higher Education. She is having more than 5 years of Experience in the Pharmaceutical Sector.

To conclude, the company's management is not having enough experience in the field of Pharmaceutical Industry. The Managing and Executive Directors of the company has only 3 years of experience which leads to a negative outlook of the management.

Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2022
Profit and Loss			
Revenue from operation	493.49	962.23	2,176.79
Other income	7.22	15.90	60.35
Total Revenue	500.71	978.13	2,237.14
Expenses	521.16	837.91	1,900.65
Depreciation and Amortisation Cost	11.54	14.37	20.26
Finance Cost	75.53	40.46	10.19
Total Expenses	608.23	892.74	1,931.10
PBT	-107.52	85.39	306.04
PBT Margin	-21.79%	8.87%	14.06%
EBITDA	-20.45	140.22	336.49
EBITDA Margin	-4.14%	14.57%	15.46%
Net Profit	-79.63	63.23	227.32
Net Profit Margin	-16.14%	6.57%	10.44%
Balance Sheet			
Total Borrowings	646.23	452.53	245.31
Net Worth	-300.30	-47.07	480.25
Fixed Assets	76.70	118.10	143.37
Net Working Capital	-4.01	40.42	308.37
Financial Measures			
Inventory Turnover Ratio	13.53	1.87	0.97
Receivables Turnover Ratio	3.76	15.13	4.38
Payables Turnover Ratio	6.91	2.45	0.63
Fixed Assets Turnover Ratio	6.43	8.15	15.18
Return on Capital Employed	-9.09%	30.64%	50.26%
Return on Equity	26.52%	-134.33%	47.33%
Debt-Equity Ratio	-2.15	-9.61	0.51

(The data has been taken and calculated from the financials given in the prospectus)

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

The EBITDA of the company has grown from Rs. -20.45 lacs in 2020 to Rs. 336.49 lacs in 2022 growing at a CAGR of 305.64%. The EBITDA margin in 2020 was -4.14%, 14.57% in 2021 and 15.46% in 2022. The growth of 305% in EBITDA is not sustainable and is extra-ordinary.

Net Profit

The net profit of the company has grown from Rs. -79.63 lacs in 2020 to Rs. 227.32 lacs in 2022 at a CAGR of 68.96%. The net profit margin in 2020 was -16.14%, 6.57% in 2021 and 10.44% in 2022. Sudden increase in net profits in past two from making loss in 2020 is not elaborately explained in the prospectus and leads to raising eyebrows over such an increase in the profit margins.

Finance Cost.

The company has incurred finance cost mainly on the secured working capital and long term loans availed from the banks.

Financial Measures/Ratios

RoCE of the company in 2022 was 50.26% vs 30.64% in 2021 and -9.09% in 2020. The RoCE has increased due to significant rise in the operating profits of the company and reduction in the borrowings of the company. With the increase in Equity capital through IPO and repayment of term loans, the RoCE is expected to remain at the same levels.

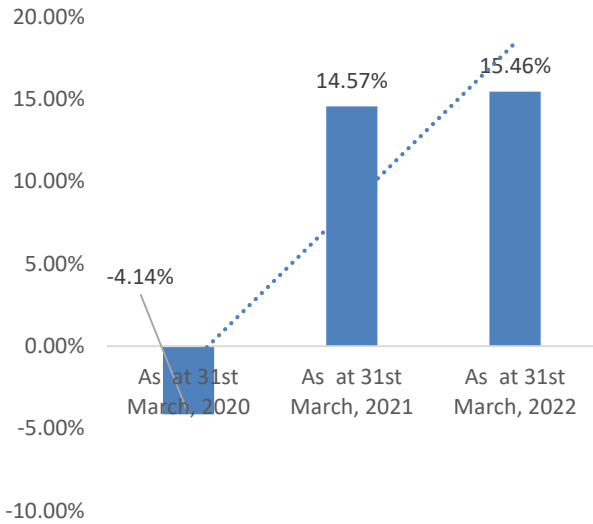
ROE of the company up in 2022 was 0%, 0% in 2021 and 47.33% in 2020. Due to negative earnings in 2020 and 2021, the company has negative net worth which resulted into not being able to compute the ROE for these years. The analysis and expectations of ROE can be set forth as that of RoCE.

The company has not been able to effectively maintain its Receivable and Inventory but has been able to effectively manage its Payables as evident from the turnover ratios.

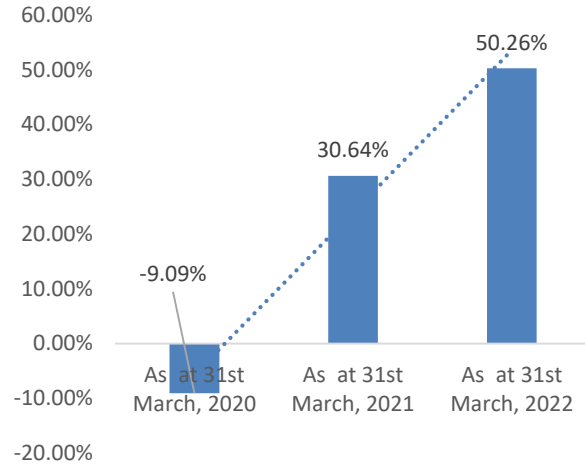
The company has a debt-equity ratio of 0.51 times in FY 22. The loans have come down from the levels of 2020 and 2021.

Financial Charts

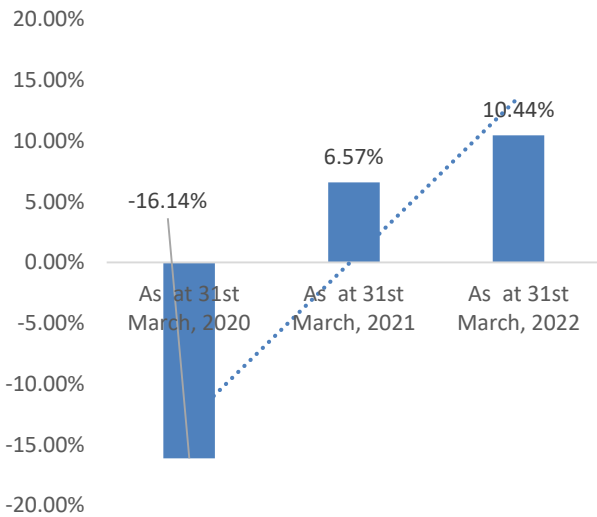
EBITDA Margin



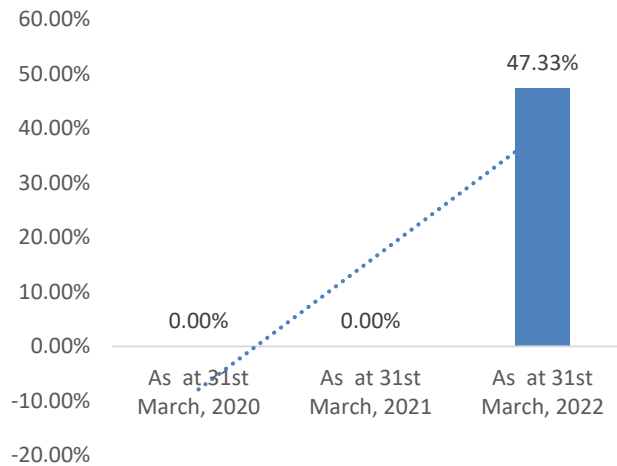
Return on Capital Employed



Net Profit Margin



Return on Equity



Key Risk Factors

1. Company and Group Company are involved in certain litigations including tax related litigations totalling to an amount of Rs. 129.43 lacs, which if determined against them, can affect financial conditions of the company.
2. The company requires a number of approvals, licences, registrations and permits in the ordinary course of the business and any failure or delay in obtaining the same in a timely manner may adversely affect its operations.
3. Company's failure to maintain the quality standards of the products or keep pace with the technological developments could adversely impact its business, results of operations and financial condition.
4. Global operations expose the company to numerous and sometimes conflicting legal and regulatory requirements, and violation of these regulations could harm the business.
5. Company is exposed to foreign currency exchange rate fluctuations.

Track Record of Lead Manager

The lead manager to the issue is Beeline Capital Advisors Private Limited and the previous issue details have been taken from the Prospectus. A table has been set below highlighting the details of the IPO of some of the companies handled by the Lead Manager in recent times-

Sr. No	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP# (INR)
1.	Jay Jalaram Technologies Limited	10.80	36.00	September 08, 2022	57.90
2.	Viviana Power Tech Limited	8.80	55.00	September 16, 2022	90.20

#CMP is taken as on 23rd September 2022

Out of the last 2 listings, both opened at premium on the listing date.

Recommendation

The company got incorporated in the year 2014 and has 8 years of experience in the pharmaceutical industry. The industry is expected to show a stable growth but has high competition prevailing from reputed players.

The revenue of the company has grown at a CAGR of 110% in past two years which makes it little unsustainable. The company has shown negative net worth in 2020 and 2021 which also raised concern for the company.

The management outlook of the company is not good. The directors do not seem to have enough experience in the industry which is a vital factor to sustain in the pharmaceutical industry.

The company is getting listed at a PE of 40.93 times on post IPO basis while the sector PE is of around 28 times making it an overly priced IPO.

Looking at all these factors, it is advisable to safeguard the capital and **avoid** applying in the IPO.

Disclaimer

We are not SEBI registered and not a certified Research Analyst. The information provided here is for education purposes only. We will not be responsible for any of your profit/loss with these suggestions. Consult your financial advisor before taking any decisions.

We believe an SME company needs 2-3 years to show its true potential and therefore our recommendations are for Long-term investment and not for listing gains.