

IPO Details	
<b>Opening Date</b>	Aug 01, 2023
<b>Closing Date</b>	Aug 04, 2023
<b>Stock Exchange</b>	NSE SME
<b>Lot Size</b>	1000 Shares
<b>Issue Price</b>	₹121 to ₹128 per share
<b>Issue Size</b>	Aggregating up to 49.84Cr
<b>Fresh Issue</b>	-
<b>Application Amount (@ upper Band)</b>	₹1,28,000

IPO Objective	
To Meet Working Capital Requirements.	
Loan to Subsidiary / Repayment of loan to Subsidiary.	
General Corporate Purposes	
To meet Public Issue Expenses	

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	1,00,00,000	92.73%
Public	7,83,927	7.27%

Promoter of the Company	
1	Mr. Vikrant Shivajirao Patil
2	Mrs. Vinaya Vikrant Patil

Competitive Strengths			
1	Experienced Promoters and Management Team		
2	Wide range of Service Portfolio .		
3	Global Presence.		
4.	Quality assurance.		

Company Background	
○	Company was incorporated in the year 2008 and has its registered office in Maharashtra.
○	Vinsys Group has been dedicated to IT skill development, trainings and certification.
○	As on the date of Red Herring Prospectus, the group comprises of 8 business entities, having its footprints in India, USA and Middle Eastern Countries.
○	As on the date of Red Herring Prospectus Company offers 326 courses across 17 domains and has presence in 30 countries.
○	As on April 30, 2023, Company has 206 fulltime employees as on payroll.

Market Capitalization	
(In Cr.)	
Pre-Issue	Post-Issue
₹ 138	₹188

Financial Summary			
(In Lacs)			
For the Period Ended	Mar-23	Mar-22	Mar-21
<b>Total Assets</b>	7,293.61	3,493.18	2,739.98
<b>Net Assets</b>	2,472.51	716.07	773.51
<b>Total Borrowings</b>	2,310.80	2,050.32	1,427.08
<b>Total Revenue</b>	9,632.26	3,202.69	2,041.04
<b>Profit After Tax</b>	1,500.83	-51.61	34.80

Tentative Timeline	
<b>Opening Date</b>	Aug 01, 2023
<b>Closing Date</b>	Aug 04, 2023
<b>Basis of Allotment</b>	Aug 09, 2023
<b>Initiation of Refunds</b>	Aug 10, 2023
<b>Credit of Shares to Demat</b>	Aug 11, 2023
<b>Listing Date</b>	Aug 14, 2023

## Company Background and Analysis

Company was Incorporated in 2008 and is a part of Vinsys Group, headquartered in Pune, Maharashtra. Since inception, Vinsys Group has been dedicated to IT skill development, trainings and certification. As on the date of Red Herring Prospectus, the group comprise of 8 business entities, having its footprints in India, USA and Middle Eastern Countries. Companies trusted partner with CompTIA, Hybris Software, EC-Council, Red Hat, Oracle, CISCO, IBM, PECB, Autodesk, Skillssoft, AWS, PMI, PRINCE2, ISACA, ITIL, PeopleCert, Citrix and Microsoft in more than 30 countries. Company has a strong presence in India, USA, UAE and also have footprints by delivering services in Saudi Arabia, Oman, Qatar, Australia, Kenya, Tanzania, Singapore, and Malaysia. As on the date of Red Herring Prospectus company offer 326 courses across 17 domains. In addition to certifications and training offerings, Company provides a comprehensive end to end solution by delivering robust and advanced digital learning solutions. OTS library of over 1,00,000 titles is compatible with all LMS and LXP platforms. Advanced IT development services offer a seamless project execution process and a successful IT strategy. Full suite of software service offerings includes ERP solutions, DevOps practices, architectural consulting, integration, and middleware services and also help organizations reduce geographical diversity through foreign language translation services. Company caters to professionals across all industries and domains and offer assistance to organizations in formulating their learning and development strategies. Organization, with its unwavering focus on quality, stands as a pioneer in the realm of training and development. Dedication lies in offering, clients with the best possible service, with trainers available on demand around the clock.

Core business of the company can be divided into the following categories:

1. Training & Certifications
2. Digital Learning
3. IT Development Services
4. Foreign Language Services

### SUMMARY OF COURSES & CERTIFICATIONS OFFERED BY THE COMPANY

Domain Particulars	Number of Courses Offered
Artificial Intelligence	6
Business Application	20
Cloud	45
Coding & Application Development	2
Cybersecurity	46
Data Center	47
Data Management	4
Engineering Design	20
ERP	14
Infrasrtucture	3
IT Service Management	6
Modern Workplace	13
Networking	36
Project Management	14
Quality and Process	14

Domain Particulars	Number of Courses Offered
Soft Skills	32
Virtualization	4
<b>Grand Total</b>	<b>326</b>

## REVENUE BIFURCATION OF THE COMPANY

Particulars	For the year ended March 31					
	2023		2022		2021	
	Sales	%	Sales	%	Sales	%
Exports	739.81	7.80%	148.08	4.65%	166.45	8.18%
Domestic	4,892.95	51.59%	2,952.16	92.70%	1,843.83	90.66%
Revenue from overseas subsidiary operations	3,852.25	40.61%	84.48	2.65%	23.55	1.16%
<b>Total Sales</b>	<b>9,485.01</b>	<b>100%</b>	<b>3,184.72</b>	<b>100.00%</b>	<b>2,033.83</b>	<b>100.00%</b>

Revenue is increased in exports, domestic, revenue from overseas subsidiary operations from March 2021 to March 2023.

## SERVICE CATEGORY WISE REVENUE BIFURCATION

Particulars	For the year ended March 31					
	2023		2022		2021	
	Sales	%	Sales	%	Sales	%
Training & Certifications	5,641.14	59.47%	2,636.59	82.79%	1,414.12	69.53%
Digital Learning	1,213.42	12.79%	23.02	0.72%	0.00	0.00%
IT Development Services	894.40	9.43%	368.03	11.56%	441.45	21.71%
Foreign Language Services	243.91	2.57%	157.08	4.93%	178.26	8.76%
Manpower Supply	1,492.13	15.73%	0.00	0.00%	0.00	0.00%
<b>Total Sales</b>	<b>9,485.01</b>	<b>100%</b>	<b>3,184.72</b>	<b>100.00%</b>	<b>2,033.83</b>	<b>100.00%</b>

All the service sales have increased but the percentage of revenue is decreased in few services from March 2021 to March 2023.

## **Business Strategies**

### **1. Improve global presence**

Currently Company has footprints in India, USA, UAE and Strong delivery experience in Saudi Arabia, Oman, Qatar, Australia, Kenya, Tanzania, Singapore, and Malaysia. Company is trusted partner with CompTIA, Hybris Software, EC-Council, Red Hat, Oracle, CISCO, IBM, PECB, Autodesk, Skillsoft, AWS, PMI, PRINCE2, ISACA, ITIL, PeopleCert, Citrix and Microsoft and intend to continue to grow geographical presence by increasing reach to unexplored geographies.

### **2. Leveraging our market skills and relationship**

The business of Company is customer oriented and always strives to maintain good relationship with the corporates. Leveraging market skills and relationships is a continuous process in organization and the skills that we impart in people give importance to customers. Company aims to do this by leveraging marketing skills and industry relationships. Company provides effective follow-ups with customers which ensure that the customers are satisfied with the product and do not have any complaint.

### **3. Reduction of operational costs and achieving efficiency**

Apart from expanding business and revenues company has to look for areas to reduce costs and achieve efficiency in order to remain a cost competitive company and focus to reduce the operational costs to gain a competitive edge.

### **4. To increase brand visibility**

The market for services is competitive. Market goodwill is significantly dependent on brand recall and ability to compete effectively would significantly depend on ability to promote and develop brands. Company should continue to associate with quality customers and highly conscious about brand image and intend to continue brand building exercise by providing excellent services to the satisfaction of the customers

## **Competitive Scenario and Peer Mapping**

### **Competition**

The company faces high competition from the existing players in the market NIIT Limited, Aptech Limited etc. The bargaining power of the company is low and the threat of new entrant is high. Company should intend to continue to enhance scale in existing services across high end and mid segment to capitalize on the opportunity to cater rising acceptance and demand. In order to maintain competitive edge, Company should continue to keep providing quality services.

## Peer Analysis

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

Particulars	Vinsys IT Services Limited	NIIT Limited	Aptech Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	16%	2%	15%
EBITDA Margin	20%	-1%	17%
Return on Capital Employed	43%	-2%	26.42%
Return on Equity	60.56%	1%	27%
EPS (INR)	15.01	0.24	11.67

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

Particulars	Vinsys IT Services Limited	NIIT Limited	Aptech Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	-2%	17%	22%
EBITDA Margin	8%	21%	18%
Return on Capital Employed	15%	15%	15%
Return on Equity	-7%	16%	24%
EPS (INR)	-0.52	16.83	8.54

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

Particulars	Vinsys IT Services Limited	NIIT Limited	Aptech Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	2%	15%	10%
EBITDA Margin	10%	16%	13%
Return on Capital Employed	12%	6%	2%
Return on Equity	4%	9%	8%
EPS (INR)	0.35	10.09	2.15

**Industry Overview**

Exhibit 1: Indian IT & Business Service Industry

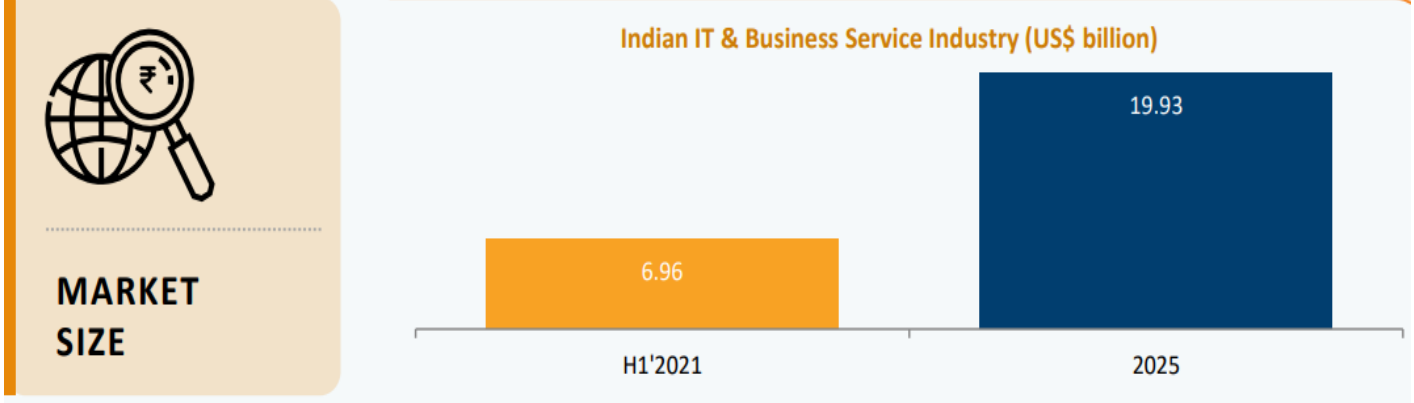


Exhibit 2: Sector-wise Break-up of Indian IT market and Export Revenue

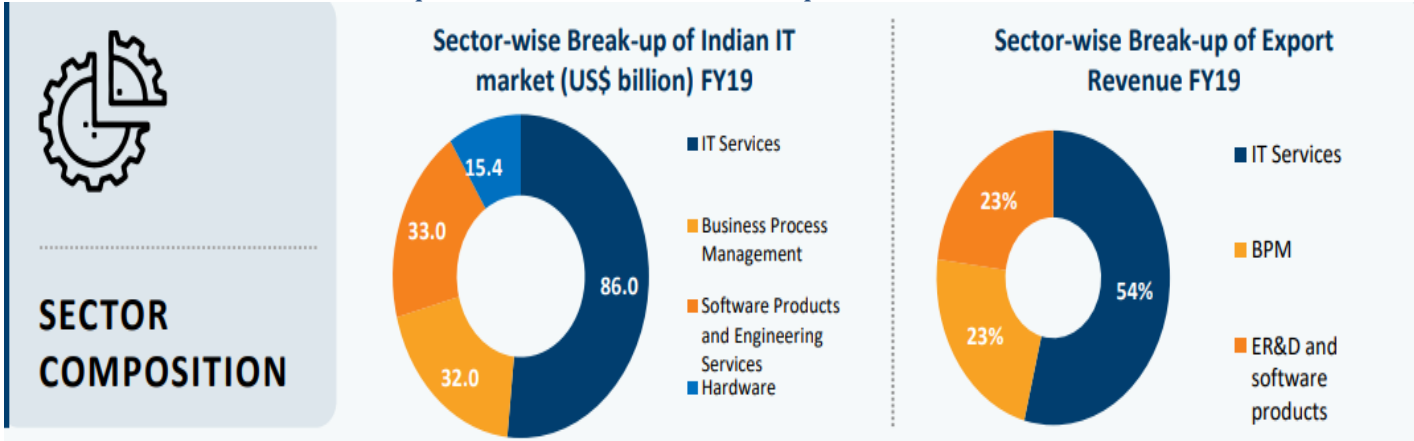
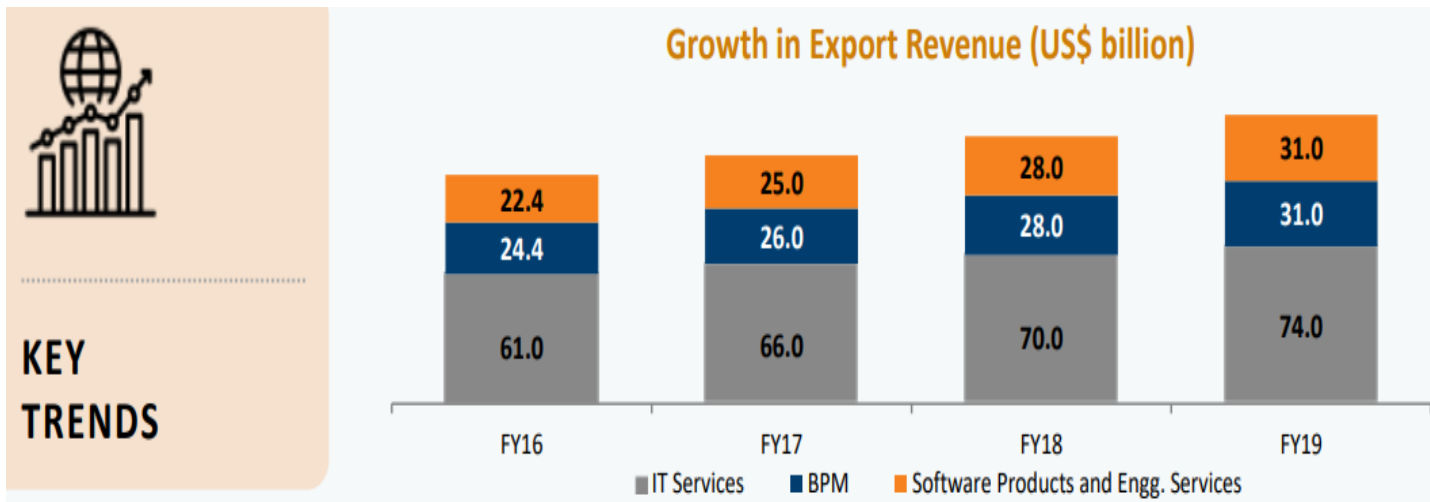
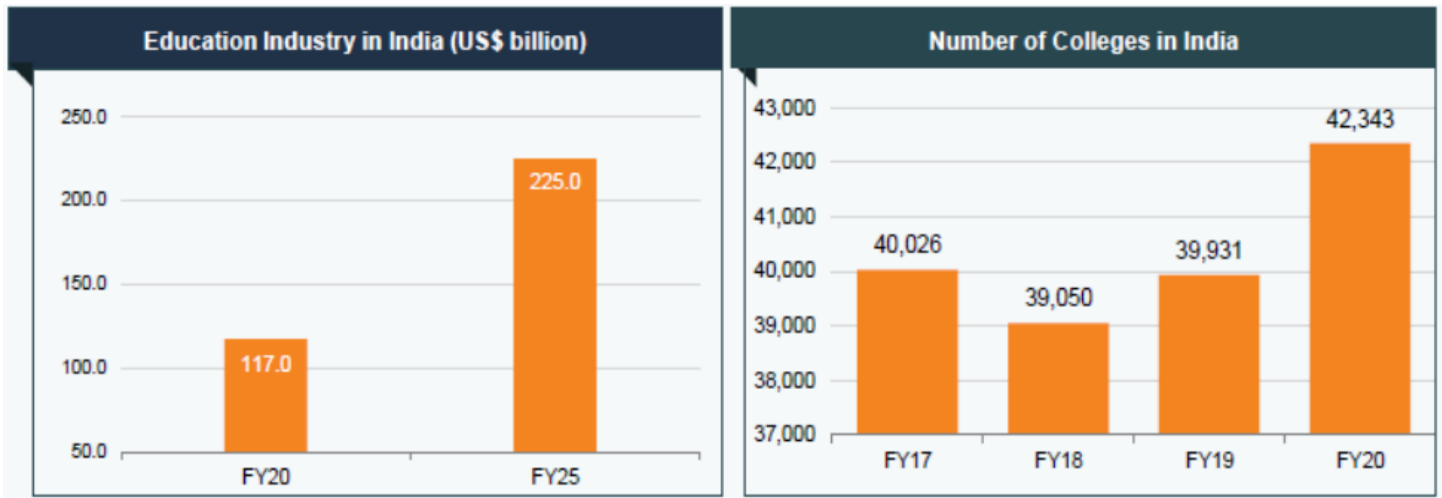


Exhibit 3: Growth in Export Revenue.



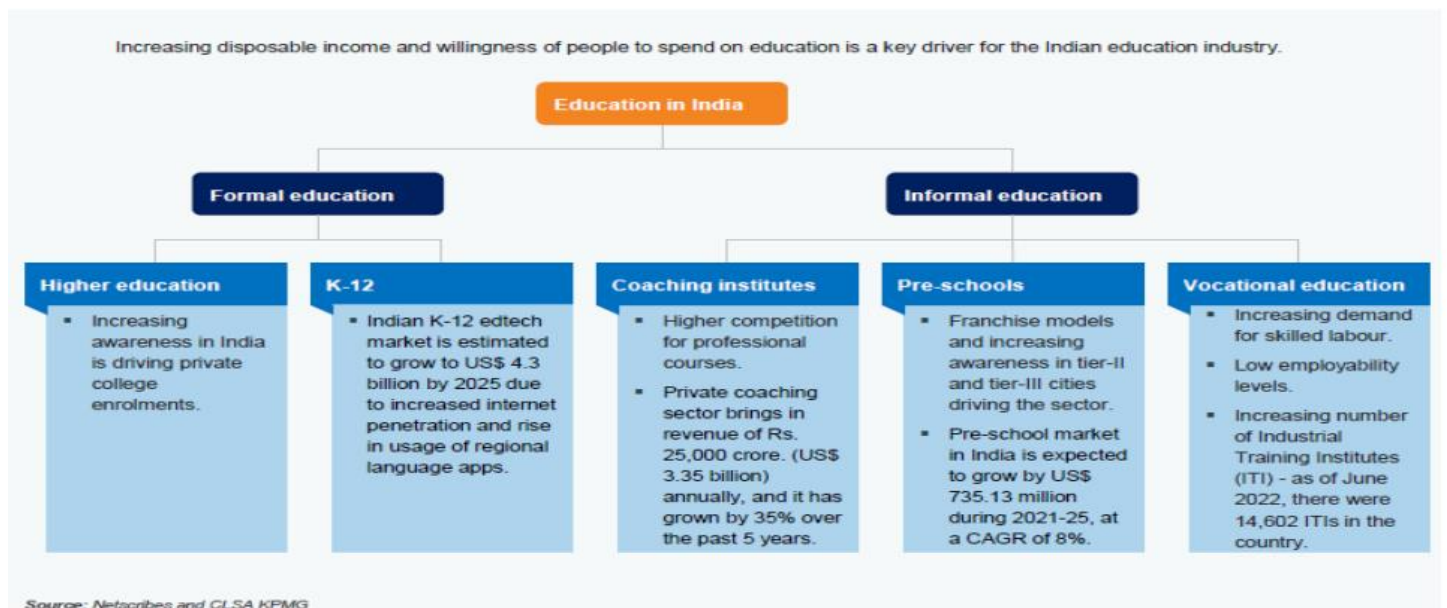
(Source: IBEF)

**Education & Training Industry**



With ~26.31% of India’s population in the age group of 0-14 years, India’s education sector provides numerous opportunities for growth.

The online education market in India is expected to grow by US\$ 2.28 billion during 2021-2025, growing at a CAGR of almost 20%. The market grew by 19.02% in India in 2021. The Indian edtech market size is expected to reach US\$ 30 billion by 2031, from US\$ 700-800 million in 2021. The edtech space has attracted private equity investments of over US\$ 4 billion over the last five years. A total of 100 Indian institutions have been qualified for the Times Higher Education World University Rankings 2023, up from 63 in 2020. India has 89 universities in Times Higher Education Emerging Economies University Rankings 2022, behind Russia with 100 and China with 97. As per the QS World University Rankings 2023, India is home to 41 out of almost 1,500 top global institutions in the world, with the Indian Institute of Science in Bengaluru being the highest-ranked institution in the country at rank 155.



(Source: Prospectus)

## Key Managerial Personnel

**Mr. Vikrant Shivajirao Patil** aged 53 years is Promoter-Chairman and Managing Director of the Company. He Holds the degree of Bachelor of Engineering in Production from the university of Shivaji. He is having more than 14 years of experience in the field of corporate training and development. Earlier, he was appointed as a Promoter Executive Director of the Company since incorporation of the company i.e. January 11, 2008. Thereafter his designation was changed as Chairman and Managing Director of the company for the period of 5 (Five) years. He plays key role in overall operation of the company and under his leadership company plan to develop the business.

**Mrs. Vinaya Vikrant Patil** aged 50 years is Promoter- Whole Time Director of the company. She Holds the Degree of Bachelor of Home Science from the Shreemati Nathibai Damodar Thackeray Woman's University. She is having more than 14 years of experience in the financial reporting and taxation. Earlier, she was appointed as a Promoter- Executive Director of the Company since incorporation of the company. Thereafter her designation was changed as Whole Time Director of the company for the period of 5 (Five) year's. She controls over Financial, admin and human resource department of the Company

**Mr. Ravindra Kisanrao Kamthe** aged 60 years is Independent Director of the company. He is having more than 35 years of experience in the various fields like, sales & marketing, contracts & commercials, logistics, strategic planning, operations, business development etc. He was appointed as an additional Independent Director of the company w.e.f March 21, 2023. After that he was regularized as an Independent Director of the company on May 15, 2023 for the period of 5(Five) years up to March 20, 2028.

**Mr. Pradeep Maruti Nannajkar** aged 53 years is Independent Director of the company. He is having more than 25 years of experience in the legal field. He was appointed as an additional Independent Director of the company w.e.f March 22, 2023. After that he was regularized as an Independent Director of the company on May 15, 2023 for the period of 5(Five) years up to March 21, 2028.

**Mr. Kaarthik Subramani Krishnamurthy** aged 44 years is Independent Director of the company. He is having more than 20 years of experience in the field of building brand and global business. He was appointed as an additional Independent Director of the company w.e.f March 22, 2023. After that he was regularized as an Independent Director of the company on May 15, 2023 for the period of 5(Five) years up to March 21, 2028

To conclude, the company has 2 promoters. The management has good knowledge and experience in the industry and overall business in which the company operates in.



## Financial Snapshot

<b>Profit and Loss Statement</b>				<b>(In Lacs.)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	
Revenue from Operations	2,033.83	3,184.72	9,485.01	
Other Income	7.21	17.97	147.25	
<b>Total Income</b>	<b>2,041.04</b>	<b>3,202.69</b>	<b>9,632.26</b>	
<b>Expenses</b>				
Cost of Delivery of Services	1,248.41	1,731.38	4,537.46	
Purchase of stock-in-trade	-	-	-	
Changes in inventories of Finished goods, work-in-Progress	-	-	-	
Employee benefits expense	418.09	1,010.17	2,123.80	
Finance costs	130.13	124.88	199.02	
Depreciation and Amortization expense	51.19	42.96	98.44	
Other expenses	169.89	175.80	930.18	
<b>Total Expenses</b>	<b>2,017.71</b>	<b>3,085.19</b>	<b>7,888.90</b>	
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>197.44</b>	<b>267.37</b>	<b>1,893.57</b>	
<b>EBITDA Margin</b>	<b>10%</b>	<b>8%</b>	<b>20%</b>	
<b>Profit/(Loss) before exceptional items and tax</b>	<b>23.33</b>	<b>117.50</b>	<b>1,743.36</b>	
Less: Exceptional Items	-	116.81	-	
<b>Profit/(Loss) before tax</b>	<b>23.33</b>	<b>0.69</b>	<b>1,743.36</b>	
Tax Expense				
Current Tax	-	-	-	
Current Year	5.75	57.22	232.41	
Allocated to Minority Interest	-	-	0.55	
Deferred tax	-17.22	-4.92	9.57	
Total Tax Expense	-11.47	52.30	242.53	
<b>Profit/(Loss) for the year</b>	<b>34.80</b>	<b>-51.61</b>	<b>1,500.83</b>	
Net Profit Margin	2%	-2%	16%	

<b>Balance Sheet</b>				<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	
<b>EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
(a) Share Capital	100.00	100.00	1,000.00	
(b) Reserves and surplus	673.51	616.07	1,478.41	
<b>Total Equity</b>	<b>773.51</b>	<b>716.07</b>	<b>2,478.41</b>	
<b>2. non-current liabilities</b>				
(a) Long-term borrowings	383.20	715.69	1,621.31	
(b) Other Non-current Liabilities	-	-	-	
(c) Deferred Tax liability	-	-	-	
(d) Long-term provisions	45.89	71.57	85.12	

<b>Balance Sheet</b>				<b>(In Lacs)</b>
<b>Total Non-current liabilities</b>	<b>429.09</b>	<b>787.26</b>	<b>1,706.43</b>	
<b>3. Current liabilities</b>				
(a) Short-term borrowings	1,043.88	1,334.63	689.49	
(b) Trade payables				
(i) Due to MSME	-	-	-	
(ii) Due to Others	166.89	253.73	711.12	
(c) Other current liabilities	303.64	323.04	1,423.11	
(d) Short-term provisions	22.96	78.44	285.03	
<b>Total Current liabilities</b>	<b>1,537.37</b>	<b>1,989.84</b>	<b>3,108.75</b>	
<b>Total Liabilities</b>	<b>1,966.46</b>	<b>2,777.10</b>	<b>4,815.18</b>	
<b>Total Equity and Liabilities</b>	<b>2,739.97</b>	<b>3,493.17</b>	<b>7,293.59</b>	
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
(a) Property Plant & Equipment's	-	-	-	
(i) Tangible Assets	188.59	190.03	219.22	
(ii) Intangible Assets	2.40	1.78	671.10	
(iii) Intangible Assets Under Development	906.17	1,344.57	896.66	
Goodwill	-	-	456.39	
(b) Non-current investments	16.19	37.24	64.00	
(c) Deferred Tax Assets	43.85	48.77	48.18	
(d) Other Non-Current Assets	321.31	303.78	386.88	
<b>Total Non-Current assets</b>	<b>1,478.51</b>	<b>1,926.17</b>	<b>2,742.43</b>	
<b>2. Current assets</b>				
(a) Inventories	-	-	-	
(b) Trade receivables	783.60	1,041.66	2,337.59	
(c) Cash and cash equivalents	30.59	19.49	753.09	
(d) Short-term loans and advances	9.26	15.58	43.97	
(e) Other Current Assets	438.02	490.28	1,416.53	
<b>Total Current assets</b>	<b>1,261.47</b>	<b>1,567.01</b>	<b>4,551.18</b>	
<b>Total Assets</b>	<b>2,739.98</b>	<b>3,493.18</b>	<b>7,293.61</b>	

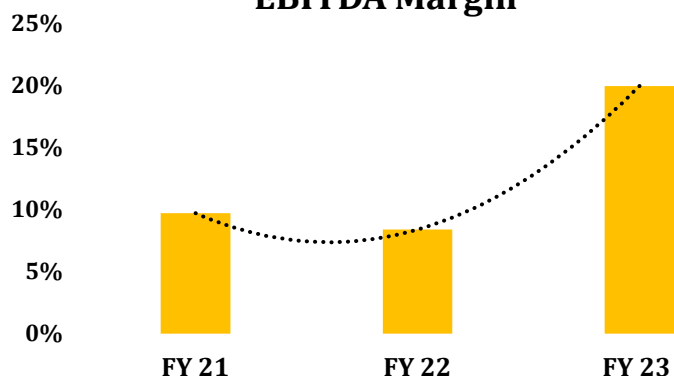
<b>Ratio Sheet</b>			
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
<b>Per Share Data</b>			
Diluted EPS	0.35	-0.52	15.01
BV per share	5.27	4.88	16.89
<b>Operating Ratios</b>			
EBITDA Margins	10%	8%	20%
PAT Margins	2%	-2%	16%
Inventory days	-	-	-
Debtor days	140.63	119.38	89.95
Creditor days	-	-	-
<b>Return Ratios</b>			
RoCE	12%	15%	43%
RoE	4%	-7%	61%



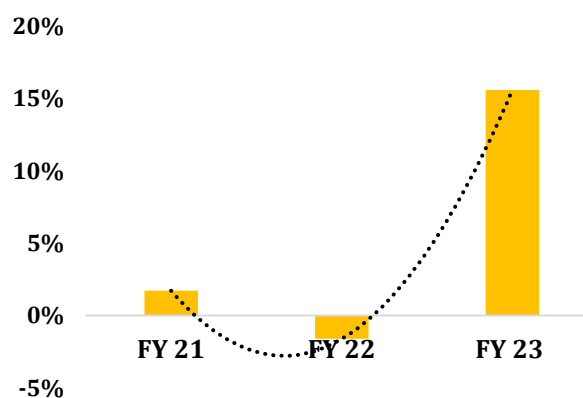
<b>Ratio Sheet</b>			
<b>Valuation Ratios (x)</b>			
EV/EBITDA	10.99	10.27	2.13
Market Cap / Sales	9.24	5.90	1.98
P/E	365.71	-	8.53
Price to Book Value	24.29	26.24	7.58
<b>Solvency Ratios</b>			
Debt / Equity	1.84	2.86	0.93
Current Ratio	0.82	0.79	1.46
Quick Ratio	0.82	0.79	1.46
Asset Turnover	0.74	0.91	1.30
Interest Coverage Ratio	1.12	1.80	9.02

## Financial Charts

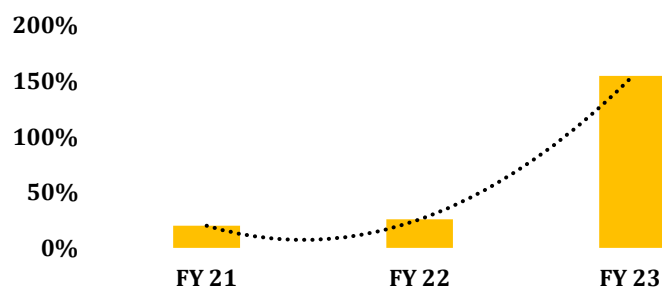
### EBITDA Margin



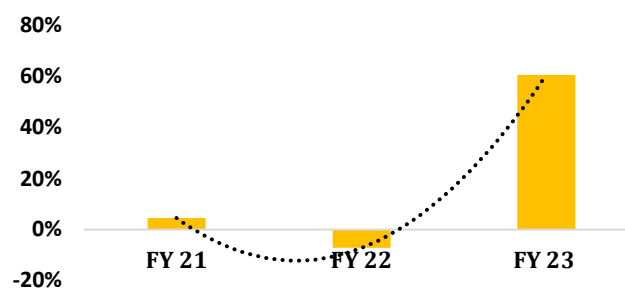
### Net Profit Margin



### Return On Capital Employed



### Return on Equity



## Key Risk Factors

1. Company, Promoters, Promoters Group and Group Companies are party to certain litigation and claims of amount 170.60. These legal proceedings are pending at different levels of adjudication before various courts and regulatory authorities. Any adverse decision may make company liable to liabilities/penalties and may adversely affect reputation, business and financial status.
2. Company requires a significant amount of working capital for continued growth. Inability to meet working capital requirements may have an adverse effect on the results of operations.
3. The Company is dependent on few numbers of customers for sales. Loss of any of this large customer may affect revenues and profitability.
4. Company generally does business with customers on work-order basis and do not enter long term contracts with most of them.
5. There are certain discrepancies and non-compliances noticed in some of corporate records relating to forms filed with the Registrar of Companies.

## Track Record of Lead Manager

The lead manager to the issue is Beeline Capital Advisors Pvt Limited. A table has been set below highlighting the details of the IPO of the last 10 companies handled by the Lead Manager in recent times –

### **Beeline Capital Advisors Pvt Limited**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Ahasolar Technologies Limited	12.85	157.00	Jul 21, 2023	234.95
2.	Pentagon Rubber Limited	16.17	70.00	Jul 07, 2023	124.20
3.	Remus Pharmaceuticals Limited	47.69	1,229.00	May 29, 2023	3367.20
4.	Sotac Pharmaceuticals Limited	33.30	111.00	Apr 13, 2023	122.00
5.	Dev Labtech Venture Limited	11.22	51.00	Mar 29, 2023	56.00
6.	Vertexplus Technologies Limited	14.20	96.00	Mar 15, 2023	131.90
7.	Viaz Tyres Limited	20.00	62.00	Mar 01, 2023	53.00
8.	Transvoy Logistics India Limited	5.11	71.00	Feb 02, 2023	70.00
9.	Aristo Bio-Tech and Lifescience Limited	13.05	72.00	Jan 30, 2023	69.55
10.	RBM Infracon Limited	8.37	36.00	Jan 04, 2023	52.50

\*CMP for all the above-mentioned companies is taken as on 26th July 2023.

As per the offer document Beeline Capital Advisors Pvt Limited have had 10 mandates in the last 3 fiscals, 7 opened at par, 1 opened at discount, 2 opened at premiums.



### **Recommendation**

The company has been into this industry since 2008 and has decent track record of existence. The revenue of the company along with the profit margins has shown extra-ordinary growth raising questions on its sustainability. The management outlook of the company is also good with proper bifurcation of the roles and responsibilities of its top management.

The PE on an annualised and Post IPO basis is around 12.52 times which seems to be fairly priced looking at the performance of peer companies average PE 41.13 and size of the company. There are many big players in digital learning market and nature of the business looks very volatile, to sustain company needs to perform really well in every way, **Risk Averse Investors should wait and Risk Seekers should apply.**



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