



IPO Details	
Opening Date	September 15, 2023
Closing Date	September 20, 2023
Stock Exchange	NSE SME
Lot Size	800 Shares
Issue Price	₹ 160 per share
Issue Size	Aggregating up to 27.52 Cr.
Fresh Issue	Aggregating up to 27.52 Cr.
Application Amount (@ upper band for retail Investors)	₹ 1,28,000

IPO Objective	
1.	Funding Capital Expenditure toward setting up development center at gift city, Gandhinagar.
2.	Funding working capital requirements.
3.	Repayment/ prepayment of certain borrowings availed by the Company.
4.	General corporate purposes.

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	46,53,776	100.00%
Public	4	0.00%

Promoter of the Company	
1.	Manav Subhashchandra Patel
2.	Manali Krunal Patel
3.	Pooja Sunny Patel

Competitive Strengths	
1.	Existing client relationship.
2.	Diversified customer base and revenue sources.
3.	Well-trained employee base.
4.	Opportunity for innovation
5.	Global Delivery Network
6.	Emphasis on cybersecurity
7.	Experienced Promoters

Company Background	
○	Kody Technolab Ltd was incorporated in the year 2017 and has its registered office in Ahmadabad, Gujarat.
○	The Company is engaged in the business of Custom Development, AI Consultation & Implementation, IOT Services, and IT consulting services are designed to be efficient, reliable, and cost-effective.
○	The Company works closely with its clients to understand their unique challenges and goals, and develop tailored solutions to meet their needs.
○	The Company specializes in helping businesses undergo Digital Transformation by leveraging the latest technologies and trends.
○	They Company has presence in USA, Canada and UK through its sales representative in that country from where it market services and solutions.
○	As on 30 th June 2023, the company had 106 employees on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹74	₹102

Financial Summary (In Lacs.)			
For the Period Ended	Mar-21	Mar-22	Mar-23
Total Assets	115.14	238.03	1,452.54
Net Assets	-171.16	-109.03	469.35
Total Borrowings	150.39	161.47	746.79
Total Revenue	248.15	384.01	1,095.24
Profit After Tax	-10.80	62.14	318.11

Tentative Timeline	
Opening Date	September 15, 2023
Closing Date	September 20, 2023
Basis of Allotment	September 25, 2023
Initiation of Refunds	September 26, 2023
Credit of Shares to Demat	September 27, 2023
Listing Date	September 28, 2023



Company Background and Analysis

Being incorporated in the year 2017, Kody Technolab Limited have a decent track record of existence in the business. Company is in business of software development services to a diverse set of industries. With a focus on innovation and customer satisfaction, company provides clients with custom software solutions that cater to their specific needs and requirements. Company is a full stack development company that provides innovative and cutting-edge digital solutions to the clients. The company specializes in helping businesses undergo Digital Transformation by leveraging the latest technologies and trends. With a keen focus on understanding the unique challenges faced by clients, company provides customized solutions that are tailored to meet their specific needs. Company has presence in USA, Canada and UK through sales representative in that country from where company market services and solutions.

Company offers a wide range of services that include custom development, AI Consultation & Implementation, IOT Services and IT consulting services. Expertise in these areas allows to deliver solutions that are not only innovative but also efficient, reliable, and cost-effective. Company works closely with clients to understand their business goals, challenges, and future potential and then develop solutions that help them achieve their objectives. The company's team of skilled professionals comprises developers, designers, project managers, and quality assurance specialists. The vast experience and expertise in their respective domains enable them to deliver solutions that are of the highest quality and meet the highest industry standards. Ability to deliver customized solutions that cater to the specific needs of clients has earned them a reputation as a trusted and reliable technology partner.

The following table illustrates the concentration of revenues among top customers: -

(₹ in Lacs.)

Particular	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Revenue	In %	Revenue	In %	Revenue	In %
Top 5 customers	407.79	37.22	148.56	38.69	129.46	52.18
Top 10 customers	438.51	40.04	166.39	43.33	163.99	66.09

Product Wise Revenue Distribution: -

(₹ in Lacs.)

Particulars	Mar-23		Mar-22		Mar-21	
	Amt	(%)	Amt	(%)	Amt	(%)
AI and ML Solutions	55.35	5.05	43.61	11.36	5.83	2.35
Custom Software Development	822.89	75.13	274.80	71.56	242.32	97.65
Staff Augmentation	217.01	19.81	65.60	17.08	-	0.00
Total	1,095.25	100.00	384.01	100.00	248.15	100.00



Geography Wise Revenue Distribution: -

(₹ in Lacs.)

Particulars	Mar-23		Mar-22		Mar-21	
	Amt	(%)	Amt	(%)	Amt	(%)
India	599.23	54.71	92.50	24.09	55.00	22.16
Kuwait	225.79	20.62	135.95	35.40	52.28	21.07
USA	158.07	14.43	95.18	24.79	20.32	8.19
Germany	74.14	6.77	-	0.00	-	0.00
Other	38.02	3.47	60.38	15.72	120.55	48.58
Total	1,095.25	100.00	384.01	100.00	248.15	100.00

To conclude, the company operates in business segment with good prospect and company operates in a different geography which will help in future growth.

Business Strategies

1. Improving operational efficiencies.

Company aims to continue to improve ongoing operational effectiveness and efficiencies to achieve cost reductions including overheads.

2. Leveraging its Market skills and Relationships.

Company is planning to make its products available in more countries by expanding its network and reaching new countries. Company aims to do this by leveraging its marketing skills and relationships and further enhancing customer satisfaction.

3. Expand its Current Business Relationship.

Company's goal is to build long-term sustainable business relationships with its customers to generate increasing revenues. Company plans to continue to expand the scope and range of current services provided to its existing customers by continuing to build its expertise and extending its capabilities.

4. Brand Building.

The industry is seeing a shift in market share organized sector. Company seeks to capture a greater market share in this environment and it is important to invest in the brand to strengthen the top of the mind recall and consequently company shall continue to invest in its brands.

5. Strategic Alliance.

Company seeks to form strategic alliances with other companies to create a competitive advantage, gain access to new markets, and drive growth. This involves identifying potential partners that share company's values and goals, negotiating mutually beneficial agreements, and working together to achieve its shared objectives.



Competitive Scenario and Peer Mapping

Competition

The company operates in a competitive industry that experiences rapid technological developments, and changes in customer requirements. Company's competitors include the big Global System Integrators, in addition to some mid-sized, and several smaller local competitors in the various geographic markets in which it operates. Furthermore, technology is rapidly evolving, and emerging technologies such as Artificial Intelligence, Machine Learning, IoT, Blockchain, and Cloud Computing are changing the market dynamics. These technologies are enabling new players to enter the market and provide innovative solutions at a lower cost, which can disrupt our business.

Peer Analysis

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

Particulars	Kody Technolab Limited	Ksolves India Limited
	31st Mar 2023	31st Mar 2023
Net Profit Margin	29%	43%
EBITDA Margin	41%	43%
Return on Capital Employed	37%	138%
Return on Equity	67.78%	147%
EPS (INR)	7.06	77.12

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

Particulars	Kody Technolab Limited	Ksolves India Limited
	31st Mar 2022	31st Mar 2022
Net Profit Margin	16%	44%
EBITDA Margin	18%	45%
Return on Capital Employed	78%	118%
Return on Equity	-	122%
EPS (INR)	23.05	45.35

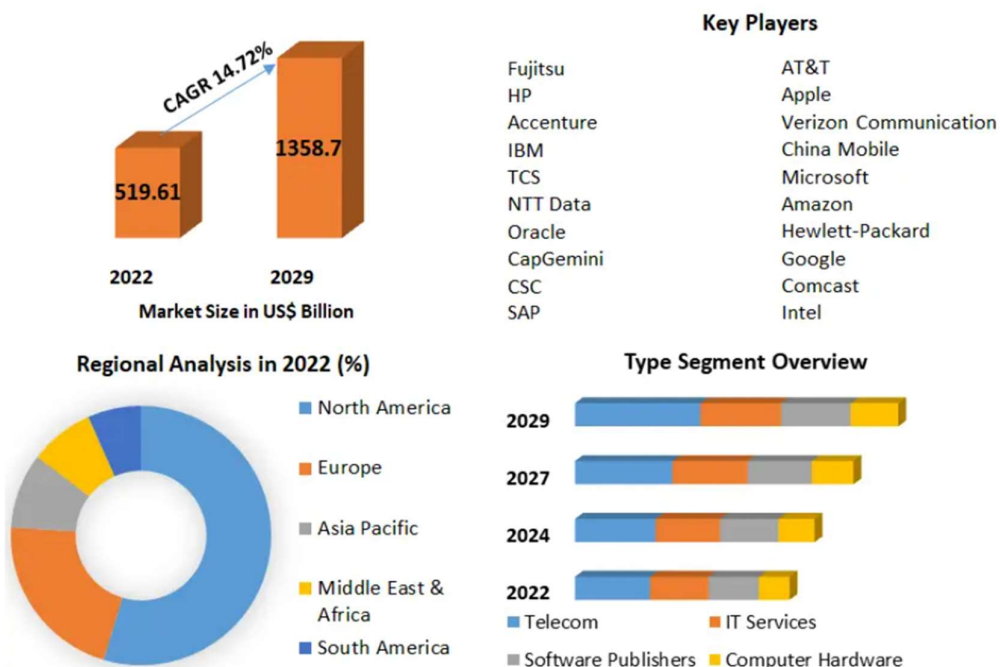
The comparison of the key performance indicators of the listed peers as on Mar-21 is given below –

Particulars	Kody Technolab Limited	Ksolves India Limited
	31st Mar 2021	31st Mar 2021
Net Profit Margin	-4%	45%
EBITDA Margin	-2%	46%
Return on Capital Employed	132%	84%
Return on Equity	-	86%
EPS (INR)	-4.01	23.89



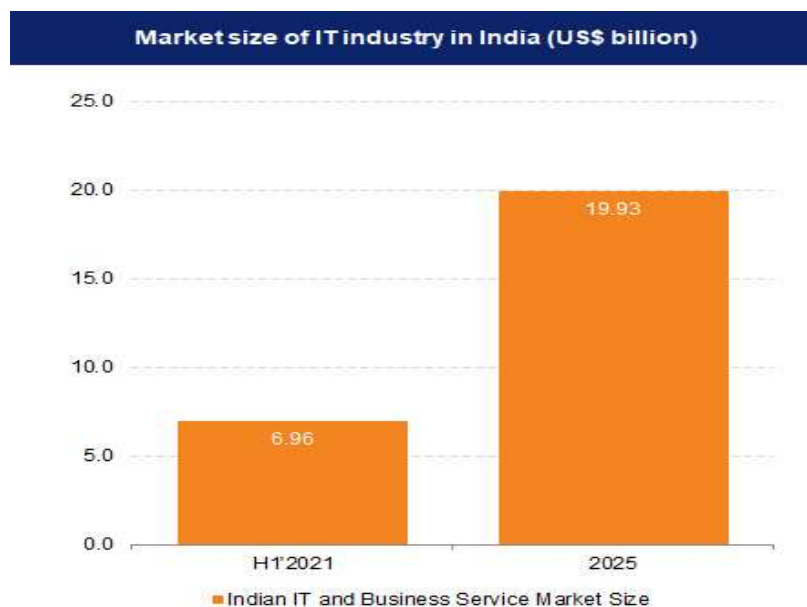
Industry Overview

Exhibit 1: Global Information Technology Market



(Source: maximizemarketresearch.com)

Exhibit 2: Market size of IT Industry in India



(Source: researchandmarkets.com)

**IT & BPM Industry**

The IT & BPM sector has become one of the most significant growth catalysts for the Indian economy, contributing significantly to the country's GDP and public welfare. The IT industry accounted for 7.4% of India's GDP in FY22, and it is expected to contribute 10% to India's GDP by 2025. As innovative digital applications permeate sector after sector, India is now prepared for the next phase of growth in its IT revolution. India is viewed by the rest of the world as having one of the largest Internet user bases and the cheapest Internet rates, with 76 crore citizens now having access to the internet. India's rankings improved six places to the 40th position in the 2022 edition of the Global Innovation Index (GII)

Market Size

According to National Association of Software and Service Companies (Nasscom), the Indian IT industry's revenue touched US\$ 227 billion in FY22, a 15.5% YoY growth. According to Gartner estimates, IT spending in India is expected to increase to US\$ 101.8 billion in 2022 from an estimated US\$ 81.89 billion in 2021. Indian software product industry is expected to reach US\$ 100 billion by 2025. Indian companies are focusing on investing internationally to expand their global footprint and enhance their global delivery centres. The data annotation market in India stood at US\$ 250 million in FY20, of which the US market contributed 60% to the overall value. The market is expected to reach US\$ 7 billion by 2030 due to accelerated domestic demand for AI.

Exports from the Indian IT industry stood at US\$ 149 billion in FY21. Export of IT services has been the major contributor, accounting for more than 51% of total IT export (including hardware). BPM and engineering and R&D (ER&D) and software products export accounted for 20.78% each to total IT exports during FY21. The ER&D market is expected to grow to US\$ 42 billion by 2022.

The IT industry added 4.45 lakh new employees in FY22, bringing the total employment in the sector to 50 lakh employees

Road Ahead

India is the topmost offshoring destination for IT companies across the world. Having proven its capabilities in delivering both onshore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India. The Indian IT & business services industry is expected to grow to US\$ 19.93 billion by 2025. Spending on information technology in India is expected to reach US\$ 144 billion in 2023. By 2026, widespread cloud utilisation can provide employment opportunities to 14 million people and add US\$ 380 billion to India's GDP.

As per a survey by Amazon Web Services (2021), India is expected to have nine times more digitally skilled workers by 2025. IT spending in India is expected to increase to US\$ 110.3 billion in 2023 from an estimated US\$ 81.89 billion in 2021. In November 2021, Mr. Piyush Goyal, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, lauded the Indian IT sector for excelling its competitive strength with zero government interference. He further added that service exports from India has the potential to reach US\$ 1 trillion by 2030.

(Source: prospectus)



Key Managerial Personnel

Mr. Manav Subhash Chandra Patel, aged 28 years is Chairman cum Managing Director and also the Promoter of Company. He holds Degree in Master of Business Administration (Distance) and Diploma in Engineering. He was appointed on the Board on May 05, 2017 and further designated as the Chairman cum Managing Director of the Company on June 06, 2023 for a period of 5 years, not liable to retire by rotation. He is having experience of 07 years in Information Technology industry. He has been instrumental in taking major policy decision of the Company. He is playing vital role in formulating business strategies and effective implementation of the same. He is responsible for the expansion and overall management of the business of Company.

Mrs Manali Krunal Patel, aged 32 years, is the Whole-Time Director and also the Promoter of Company. She holds Diploma Certificate in Computer Engineering. She was originally appointed on the Board on May 05, 2017 and further designated as the Whole-Time Director of the Company on June 06, 2023, 2023. She is having of experience of 06 years in IT Industry. She has expertise in the field of Software Development, Team leading, Quality Management and Project Management and Talent Acquisition. She has been playing vital role in technological matters of the Company.

Mrs. Pooja Sunny Patel, aged 34 years, is the Non-Executive Director and also Promoter of Company. She holds degree in Bachelor of Commerce. She was originally appointed on the Board on May 05, 2017 and further designated as Non-Executive Director w.e.f. May 15, 2023 She is having experience of 07 years in IT and Finance. She has expertise in the field of Market research, Strategic Planning and Marketing strategies which helped for the overall development of the Company.

Mr. Harshil Vikrambhai Gajjar, aged 28 years, is Independent Director of Company. He was originally appointed on the Board on March 31, 2023 and further designated as Independent Director w.e.f. April 03, 2023. He has degree of Bachelor of Technology having experience of 05 Years in engineering industry. He is the proprietor of Havik Engineering, a company that manufactures and exports spare parts for textile machinery globally.

Mr. Bhoomik Harshadbhai Patel, aged 31 years, is Independent Director of Company. He was originally appointed on the Board on March 31, 2023 and further designated as Independent Director w.e.f. April 03, 2023. He holds degree in Bachelor of Technology having experience of 06 Years in consulting industry. He is a finance and real estate consultant specializing in investment consultation and maximizing potential.

Mr. Sanjaykumar Kalubhai Kidecha is Chief Financial Officer of Company. He holds Bachelor in Engineering. He looks after the Finance matters of Company. He joined Company on March 21, 2023. He has an overall experience of 06 years in Finance and Accounts related matters.

Ms. Sanchita Ojha is Company secretary and Compliance Officer of Company. He holds degree of Company secretary from Institute of Company secretaries of India. He looks after the secretarial matters of Company. He joined Company on March 21, 2023. He has an overall experience of 03 years in secretarial related matters.

To conclude, the promoters of the company have a don't have any experience in the industry that company operates in, the remaining directors also have decent knowledge and experience in the different industry and in the fields which will help in the growth of the business.



Financial Snapshot

Profit and Loss Statement			(In Lacs.)
Particulars	FY 21	FY 22	FY 23
Revenue from Operations	248.15	384.01	1,095.24
Other Income	0.01	0.19	13.87
Total Income	248.16	384.20	1,109.11
Expenses			
Cost of technical sub-contractor	0.93	6.07	47.79
Employee benefits expense	215.63	261.28	474.57
Finance costs	-	-	18.34
Depreciation and Amortization expense	6.92	9.93	9.58
Other expenses	36.10	48.22	122.85
Total Expenses	259.58	325.50	673.13
Earnings Before Interest, Taxes, Depreciation & Amortization	-4.51	68.44	450.03
EBITDA Margin	-2%	18%	41%
Profit/(Loss) before exceptional items and tax	-11.42	58.70	435.98
Less: Exceptional Items	-	-	-
Profit/(Loss) before tax	-11.42	58.70	435.98
Tax Expense			
Current Year	-	-	119.78
Deferred tax	-0.62	-3.44	-1.91
Total Tax Expense	-0.62	-3.44	117.87
Profit/(Loss) for the year	-10.80	62.14	318.11
Net Profit Margin	-4%	16%	29%

Balance Sheet			(In Lacs)
Particulars	FY 21	FY 22	FY 23
EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	1.00	1.00	345.36
(b) Reserves and surplus	(172.16)	(110.03)	123.99
Total Equity	(171.16)	(109.03)	469.35
2. Shares application money pending allotment	-	-	-
3. Non-current liabilities			
(a) Long-term borrowings	150.39	161.47	706.82
(b) Long-term provisions	12.08	22.16	29.91
Total Non-current liabilities	162.47	183.63	736.73
4. Current liabilities			
(a) Short-term borrowings	-	-	39.97
(b) Trade payables	43.59	72.42	21.99
(c) Other current liabilities	80.00	89.46	60.21
(d) Short-term provisions	0.23	1.57	124.31
Total Current liabilities	123.82	163.45	246.48
Total Liabilities	286.29	347.08	983.21
Total Equity and Liabilities	115.13	238.05	1,452.56
ASSETS			
1. Non-current assets			
(a) Property Plant & Equipment's and intangible assets			
(i) Tangible Assets	11.67	13.90	617.25



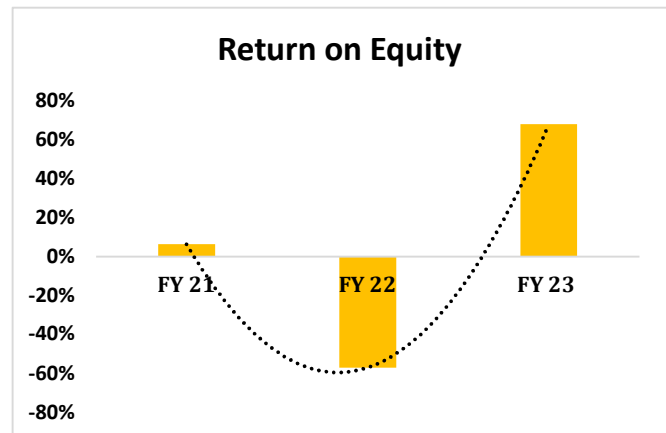
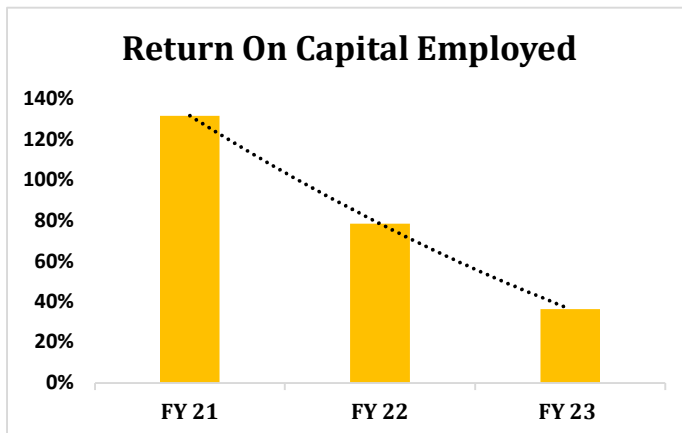
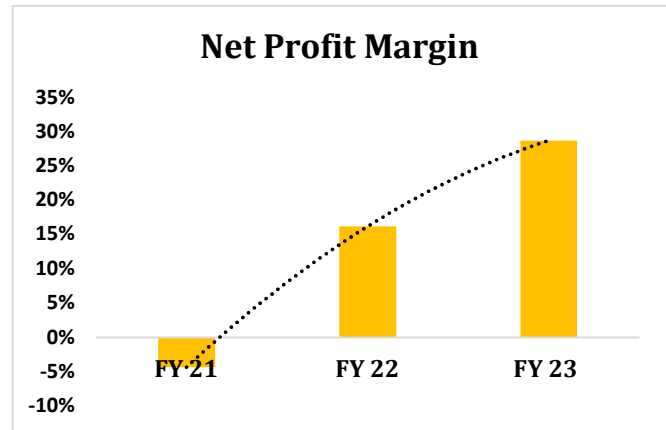
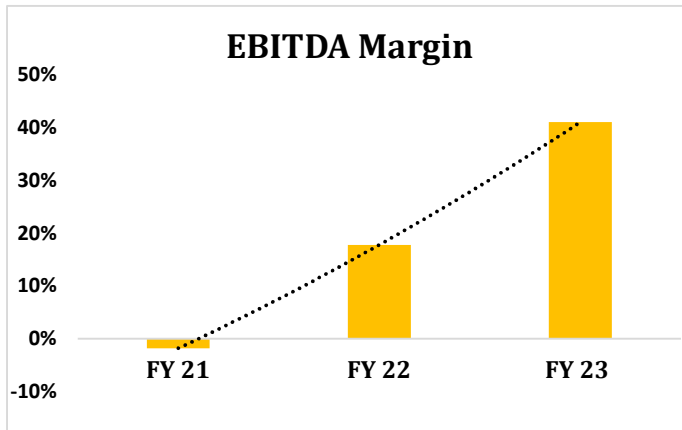
Balance Sheet (In Lacs)			
(ii) Intangible assets	-	-	0.16
(iii) Intangible Assets Under Development	-	-	60.43
(b) Deferred tax assets (net)	4.56	7.99	9.90
(c) Other Non-Current Assets	6.00	6.00	38.08
Total Non-Current assets	22.23	27.89	725.82
2. Current assets			
(a) Inventories	-	-	-
(b) Trade receivables	70.26	171.99	654.04
(c) Cash and cash equivalents	9.09	16.35	15.32
(d) Short-term loans and advances	10.81	15.76	-
(e) Other Current Assets	2.75	6.04	57.36
Total Current assets	92.91	210.14	726.72
Total Assets	115.14	238.03	1,452.54

Cash Flow Statement (In Lacs)			
Particulars	FY 21	FY 22	FY 23
Net Cash Flow from Operating Activities	15.66	8.16	-133.93
Net Cash Flow from Investing Activities	-14.50	-11.97	-694.37
Net Cash Flow from Financing Activities	-0.73	11.08	827.29

Ratio Sheet			
Particulars	FY 21	FY 22	FY 23
Per Share Data			
Diluted EPS	-4.01	23.05	7.06
BV per share	-2.69	-1.71	7.36
Operating Ratios			
EBITDA Margins	-2%	18%	41%
PAT Margins	-4%	16%	29%
Inventory days	-	-	-
Debtor days	103.34	163.48	217.97
Creditor days	-	-	-
Return Ratios			
RoCE	132%	78%	37%
RoE	-	-	68%
Valuation Ratios (x)			
EV/EBITDA	6.62	0.53	2.67
Market Cap / Sales	41.10	26.56	9.31
P/E	-	6.94	22.66
Price to Book Value	-	-	21.73
Solvency Ratios			
Debt / Equity	-0.88	-1.48	1.59
Current Ratio	0.75	1.29	2.95
Quick Ratio	0.75	1.29	2.95
Asset Turnover	2.16	1.61	0.75
Interest Coverage Ratio	-	-	24.02



Financial Charts



Key Risk Factors

1. Company derives a significant portion of revenue from operations from a limited number of markets.
2. There are outstanding legal proceedings of amount 17.26 lakhs involving Group Company. Any adverse decision in such proceedings may have a material adverse effect on business, results of operations and financial condition of Group Company.
3. Company has a substantial amount of long-term borrowings ₹706.82 Lacs & short term borrowings ₹ 39.97 Lacs outstanding indebtedness, which requires significant cash flows to service and are subject to certain conditions and restrictions in terms of financing arrangements, which restricts ability to conduct business and operations in the manner company desire.
4. Company have experienced negative cash flows in the past. Any such negative cash flows in the future could affect business, results of operations and prospects.



Track Record of Lead Manager

The lead manager to the issue is Beeline Capital Advisors Private 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 Private Limited

Sr. No	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP* (INR)
1.	Vinsys IT Services Limited	49.84	128.00	Aug 11, 2023	281.15
2.	Shri Techtex Limited	45.14	61.00	Aug 04, 2023	83.85
3.	Ahasolar Technologies Limited	12.85	157.00	Jul 21, 2023	349.65
4.	Pentagon Rubber Limited	16.17	70.00	Jul 07, 2023	123.85
5.	Remus Pharmaceuticals Limited	47.69	1,229.00	May 29, 2023	4,100.00
6.	Sotac Pharmaceuticals Limited	33.30	111.00	Apr 13, 2023	119.00
7.	Dev Labtech Venture Limited	11.22	51.00	Mar 29, 2023	58.25
8.	Vertexplus Technologies Limited	14.20	96.00	Mar 15, 2023	230.00
9.	Viaz Tyres Limited	20.00	62.00	Mar 01, 2023	45.40
10.	Transvoy Logistics India Limited	5.11	71.00	Feb 02, 2023	80.50

As per the offer document Beeline Capital Advisors Private Limited have had 16 mandates in the last 3 fiscals. For Beeline Capital Advisors Private Limited out of the 10 mentioned above, 1 opened at par and 9 opened at premiums i.e., premium ranging from 0.004% to 85.71%.

*CMP for all the above-mentioned companies is taken as on 13th September 2023.



Recommendation

The company have experienced exponential growth with respect to the various financial indicators as well as decent improvement in the balance sheet position in the last three Fiscals, i.e., company has seen an increase in its net worth.

The management outlook of the company is decent, with a proper bifurcation of the roles and responsibilities of its top management.

The P/E on an annualised and Post IPO basis is around 32.06 times which seems to be slightly highly priced looking at the performance and size of the company.

The company has shown an exponential growth in revenue and net profit which will be difficult to sustain going forward. Whereas, the business segment in which company operates is not unique and also is highly competitive and has fragmented markets, hence **AVOID** applying for this company.



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