

**View: SUBSCRIBE****Date: 22<sup>nd</sup> March 2023**

Trust Fintech Limited (TFL) is a Nagpur based SaaS Product focused company which has carved a niche in providing Core Banking Software, IT Solutions, ERP Implementation and Customized Software Solutions Development, SAP B1 and TFL has evolved in the last 25 years and adapted to the technological and market shifts to reach the current business model and product version. Trust Fintech is consistently expanding its business footprints in India and globally by adapting to ever-changing regulatory compliances for the global BFSI sector.

TFL has invested in developing more than 10+ (ten) banking related products for Commercial and Cooperative Banks and Financial Institutions, which comprise Core Banking Software, Loan Origination software, GST compliance software, Financial Accounting & Billing Software, GST Suvidha provider, SAP B1 Services (for Implementation, Support and Add-on Development), Various add-on modules for Statutory Report Generation, ATM Reconciliation, Anti-Money Laundering, Agency Banking, Mobile Banking leveraging end to end solutions to address the evolving needs of banking Solutions

TFL was founded by Mr. Hemant Chafale, Mr. Heramb Ramkrishna, Mr. Mandar Kishor Deo with a focus on delivering secured core banking solutions & world-class technology solutions to a virtually integrated banking and financial eco-system

TFL proudly holds several quality certifications including ISO 27001:2013, ISO 9001:2015, and CMMI Level 5 reaffirming its commitment to management of information security, comprehensive IT solutions, and advanced software services.

TFL is now looking at raising Rs 63.44 crs via a fresh issue primarily to fund working capital requirements, capex for new facility at Nagpur, business development & marketing & general corporate purposes.

TFL is making a fresh issue of 62.82 lacs shares of Rs 10 each aggregating Rs 63.44 crs. The net offer to the public is 59.64 lacs shares offered at price range of Rs 95-101 per share. 20.88 lacs shares to retail, 895200 shares to the Non-Institutional HNI category, 1192800 shares to QIBs, 17.88 lacs shares to Anchor & 3.18 lac shares to the Market Makers. The shares will be listed on the NSE SME Emerge platform of National Stock Exchange (NSE)

**Issue opens** on 26-03-2024**Issue closes** on 28-03-2024**Exp date of Listing** – 4<sup>th</sup> April 2024**Listing** – NSE Emerge SME**Price band** ₹ 95-101**Issue Size** ₹ 63.44 Crs**Face Value** ₹10/-**Lot Size** – 1200**Fresh Shares Offered** – 59.64 lac shares at price range of Rs 95-101**Retail Portion** 20.88 lacs Equity Shares of ₹10.00 each at price range of Rs 95-101**HNI/NI** 895200 Equity Shares of ₹10.00 each at price range of Rs 95-101**BRLMs:** Corporate Capital Ventures Private Limited

Prominent Domestic Investors, including Finavenue Capital Trust, Persistent Growth Fund, Vikasa India EIF Fund, ACINTYO Investment Fund, Astrone Capital VCC, Craft Emerging Fund PCC – Citadel Fund, Craft Emerging Fund PCC – ELITE Capital Fund & Chanakya Opportunities Fund 1 have subscribed to TFL's anchor book where Co offered 17.88 lacs shares to the anchor investors.

## **Key Business Verticals of TFL**

The company's product portfolio consists of

1. Banking Software
2. Software as a Service

The Flagship product of the company **TrustBankCBS** is a web-based software, and it is available "on-premises with infrastructure", i.e. it offers the flexibility to the customer to deploy TrustBankCBS on their own premises with customized infrastructure.

The company has provided services in India, Srilanka, Nepal, California, Ghambia, Tanzania, Ghana, Liberia, Nigeria, Zimbabwe, and few more countries.

It has a global footprint in more than 25 countries and a global customer base of more than 200 BFSI with Core Banking.

The company has obtained various quality certifications, such as ISO 27001:2013 and ISO 9001:2015.

TFL is engaged in the business of Complete Banking Solution. It is focused on delivering smart and comprehensive next-gen business solutions, driven by technology that help enterprises in overcoming their business challenges.

TFL has two Core banking Software's i.e TrustBankCBS or MicroFinS serving the needs of BFSI vertical, TrustBankCBS mainly serves the needs of medium to large banks & financial institutions and MicroFinS serves needs of Small & growing Co-operative Societies, SACCOS & similar banking institutions

Company's flagship product, TrustBankCBS, is a web-based software. It is available "on-premises with infrastructure" i.e. it offers the flexibility to the customer to deploy TrustBankCBS on their own premises with customized infrastructure, providing greater control and customization.

Alternatively, TrustBankCBS is also available as off-the-shelf banking software solution in a 'Software as a Service' (SaaS) model. This covers bundled solution of software and hosting infrastructure on rental basis for those preferring a hassle-free, rental-based, bundled package with both software and hosting infrastructure. The SaaS platform allows customer to bear minimal Capex cost and economical Opex cost and assures high uptime of core banking application

The Company also provides Add on modules or as an addition solution with the core Banking System. Additionally, TFL also offers these add ons individually without CBS in the future if a customer prefers standalone solutions only. This allows customers to choose specific solutions tailored to their requirements.

**Some of the Add Ons include**

**TrustADF™**, Statutory Report Generation TrustADF is a complete solution for Statutory Report Generation required by BFSI organizations.

TrustADF is a Comprehensive suite and has reporting capabilities that empowers Banking / Financial Institution to generate Statutory and analytical reports such as: Reports RBI/OSS/ALM/AML reports (Statutory Statements)/ RBI Audit (1-10)

Analytika Tool KRA Dashboards Graphical Dashboards

TrustADF produces accurate, secure, and up-to-date statutory and analytical reports, addressing ongoing regulatory changes, optimizing business operations, and ensuring compliance with increasingly stringent regulation

**SoftRecon™ ATM Reconciliation**

SoftRecon is a 4-way reconciliation software eliminates invitation to Frauds due to limitation of banks to detect the money syphoned thro' cyber and manual frauds, SoftRecon has been implemented by our company integration with CBS System.

SoftRecon allows Banks to perform the reconciliation for many delivery channels, and vendor systems for daily transactions happening through different delivery channels like ATM (On-Us, Issuer, Acquirer), Mobile Banking, e-Wallets, POS, Ecommerce.

SoftRecon eliminates invitation to Frauds due to the limitation on banks ability to detect the money syphoned through cyber and manual frauds.

SoftRecon helps to prevent losses to banks and disputes due to a lack of reconciliation of incomplete transactions, reversed transactions

**“TrustAML” Anti-Money Laundering:**

TrustAML platform facilitates BFSI to orient its banking operations towards governance and internal control for compliance to domestic and international statutory AML requirements. It offers a single and unified solution in real-time integration with various modules of Core Banking Solution. Also, it adds monitoring, analytical and surveillance capabilities to BFSI for financial crime detection based on the AML Alerts generated from the watch-list, KYC and configured AML exception parameters

**Agency Banking:**

Trust Agency Banking offers a branchless banking solution for BFSI, enabling business growth and customer base expansion without the need for establishing branches or an expensive ATM network. The Android-based app facilitates personalized banking, doorstep services, and seamless customer acquisition through a network of agents.

'Agency Banking' is an android App that can be easily installed on an Agent's Smartphone with OTP based authentication on an Agent's registered mobile number and IMEI number of the smartphone. The OnField Agent Transactions are reflected real-time in CBS. The real-time SMS alert from deposit to Customer mobile for on-field transactions, brings in transparency and confidence to customers. BFSI can centrally set and control an Agent's daily collection limit, and transaction amount limit

**"TrustMB" - Mobile Banking:**

"TrustMB" is a comprehensive Mobile Banking solution for Banks to offer Mobile Banking services to its customers. TrustMB offers wide range of features and services to give Bank's customers. It offers wide range of features and services to give Bank's customers, complete control over their Banking Operations

**MicroFinS**

MicroFinS is a cost-effective, cloud-based Core Banking Solution for Savings & Credit Co-operative Society (SACCOS), Credit Unions, Microfinance Institutions, Multistate Cooperatives. It is developed on an open-source platform i.e. PHP, MYSQL Running on Ubuntu Linux OS. So, it is a complete CBS with minimal total cost of ownership (TCO) compared to alternatives available for the SACCOS.

MicroFinS offers a comprehensive suite of solutions, covering diverse accounts, deposits, centralis configurations, business intelligence, loans, and statutory compliances. Its graphical Business Intelligence reports enable quicker decision-making, while features like configurable loan products and centralized parameters streamline operations, making it a valuable asset for SACCOS with a focus on affordability and efficiency

**Loan Origination Software –**

"TrustLOS" – TrustLOS is a Mobile & Web based Online Interface which is being used for credit processing automation by acquisition of Loan Applications. It consists of pre-configured work-flows for Credit Scoring, Documents Checklists and facilitates a uniform, and quick Appraisals process.

TrustLOS is an online loan processing interface for BFSI in India. TrustLOS Solution empowers BFSI with an Online Interface on their website to facilitate the acquisition of Loan Applications. acquisition of Loan Applications, Document Processing, Credit Rating, Loan Approval, Sanction letter

**TrustFAB - Financial Accounting & Billing**

TrustFAB (Finance, Accounts & Billing) is enterprise Business Operations software. It is an integrated, business management solution designed specifically for small & mid-sized businesses. The solution offers functionality to optimize every aspect of the business operations, provides an accurate, real-time picture of the enterprise. By this departmental teams can easily access relevant, timely and complete business information across any functional area from a single source

### **SoftGST - GST COMPLIANCE SOFTWARE**

SoftGST, a complete GST Software for Organizations, Businesses for End-to-end GST Compliances, e-Invoicing and e-Way Bill. This Software is for online submission of GST Returns along with GSP Integration, and compliance to latest GST rules

SoftGST helps BFSI to comply with GST Rules applicable to BFSI to avoid GST Audit Non-compliances, penalties, Loss of ITC to Bank etc. As GST Rules & GST Compliance Requirements applicable on the BFSI sector are unique in nature and it cannot be completely fulfilled by General GST Compliance Software used by Tax Practitioners and Tax Consultants.

### **SAP Business One Services**

Trust Fintech is Sales and Services partner for SAP Business One since 2007, we provide SAP B1 Services to SAP B1 Customer and SAP B1 Partners globally.

**SAP Business One (SAP B1)** – is an integrated, affordable business management solution/ Enterprise Resource planning (ERP) solution designed specifically for small and midsize enterprises. By which business owners (Clients) can have a single system that automates processes and offers an accurate, up-to-the-minute picture of their business.

With SAP Business One, Business owners can achieve a new level of control and increase the profitability of the business, as they can have the up-to-date picture off whole business, by this client can control what information to transfer to the employees, when and how. And they can easily customize the solution to meet their changing requirements by providing specification they want to trust fintech. Accordingly customized version of SAP B1 will be implemented at the premises of the client

### **PDC Management Add-on**

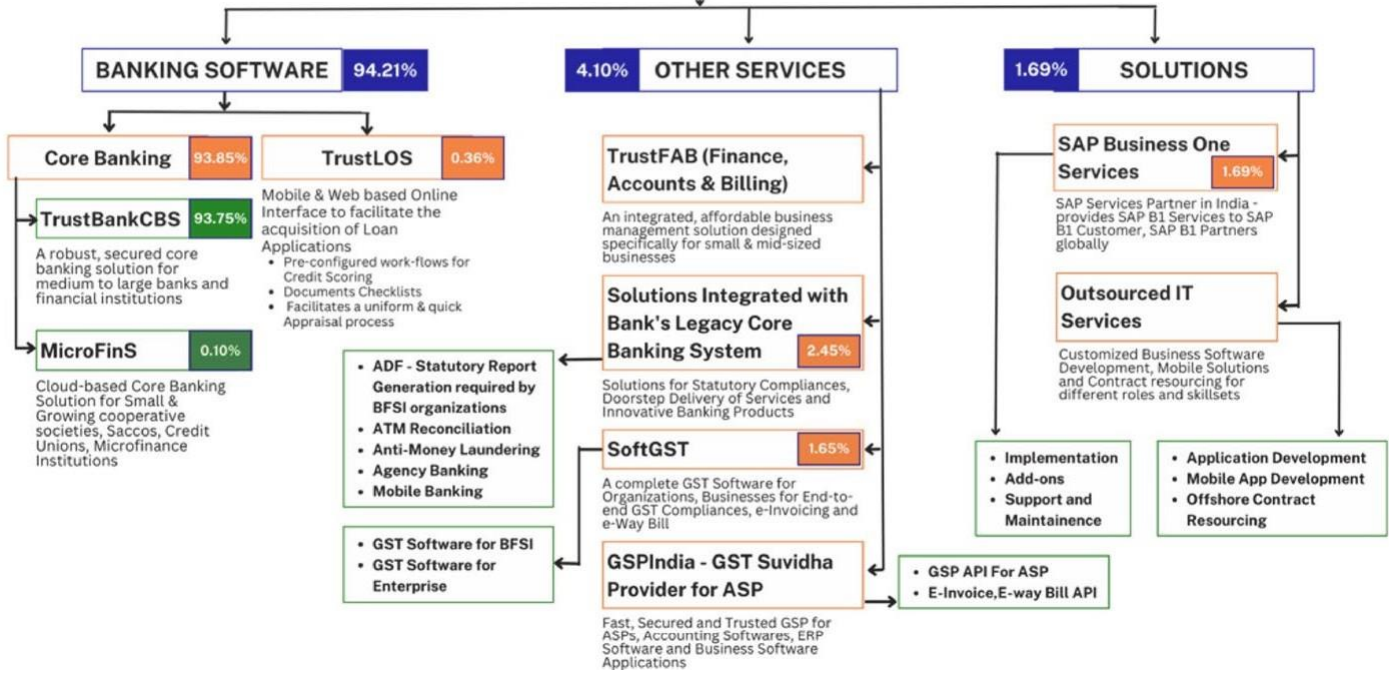
This add-on is used for the management of Post Dated Cheques. It is easy to use and can be integrated with your existing SAP Business One system

### **Payroll Add-on**

Trust Payroll is a payroll processing, it offers very high flexibility in defining various allowances, deductions, leave rules etc. for company employees. This system stores a complete record of the employees, generates Pay-slips and Attendance Register, computes all allowances and deductions and generates all Statutory and MIS reports

### **CRM Add-on**

In the CRM web portal, sales employees can add sales quotations and sales orders, which are integrated with SAP. Additionally, the portal provides features for downloading invoices and generating customer aging reports and sales analysis reports



**KEY PRODUCTS**

**Flexibility in revenue generation**

AMC | Rental | One Time | Exports

**New products under development**

- CBS customization for NBFCs, Credit Unions in US and South American markets
- Loan Origination for ONDC and US markets
- GST for ONDC
- Risk management using AI for US market

**Key Marquee Clients of TFL for CBS**



**Pune District  
Central Co-Op.  
Bank**



**The Chiplun  
Urban  
Co-Op. Bank,  
Chiplun**



**Kashipur Urban  
Co-Op.  
Bank, Kashipur  
(Uttarakhand)**



**Vidarbha  
Merchants  
Urban Co-Op.  
Bank,  
Hinganghat**



**Muslim Co-Op.  
Bank, Pune**



**Ajra Janta  
Sahkari  
Bank, Ajra –  
Kolhapur**



**Gandhibagh  
Sahkari Bank,  
Nagpur**



**Pune Peoples Co-  
Op.  
Bank, Pune**



**The Hooghly Co-  
Op.  
Credit Bank,  
Kolkata**



**Sadhna Sahkari  
Bank, Nagpur**



**Gadchiroli  
District Central  
Co-Op. Bank**



**Chandrapur  
District Central  
Co-Op. Bank**



**Mumbai District  
Central Co-Op.  
Bank**



**NABARD Financial Services Ltd., Bengaluru  
Subsidy of NABARD , With Equity of Govt. of  
Karnataka , Canara Bank, Union Bank , Bank of  
Baroda**

**TRUST FINTECH LIMITED**



**Marquee Customers for Add Ons –**



Vidarbha Konkan  
Gramin Bank Ltd.,  
Nagpur



The Cosmos  
Co-Op Bank Ltd.,  
Pune



The Saraswat  
Co-Op. Bank Ltd.,  
Mumbai



Shamrao Vithal Co-operative Bank



**India's & Global CBS Industry Potential going ahead looking strong –**

The global core banking software market size was valued at USD 12.51 billion in 2022. The market is projected to grow from USD 14.54 billion in 2023 to USD 47.37 billion by 2030, exhibiting a CAGR of 18.4%

Core Banking Software (CBS) is a back-end solution that banking organizations deploy to maintain the flow of banking activities such as transactions, payments, and other financial records. It offers online centralized banking activities in realtime to users. Various banks are implementing CBS to assist their users in performing multiple bank-related activities such as debts, loan processes, money transactions, and access to their respective accounts

The increasing investments by key players in fintech technologies, CBS, and others are expected to drive the growth of the market. In addition, the rising need for the management of customer accounts from a single server is set to boost the core banking software market growth. The rising adoption of technologies such as the cloud, Big Data, and Artificial Intelligence (AI) is changing the landscape of the banking industry.

The integration of such technologies with the banking process assists to advance their visualization capabilities, resolve customer queries, and make complicated data usable. The technologies help in increasing connectivity and providing advanced security methods in banks & financial institutions

Rising Adoption of Cloud-based Solutions among Enterprises to Aid Growth - One of the significant market drivers is the rising adoption of SaaS-based or cloud-based banking platforms provided by software specialists such as Finastra, FIS global, and Temenos AG. Cloud-based platforms allow banking organizations to monitor payments, transactions, and other banking activities. Thus, the rising demand for productivity and improvement in enterprises will encourage the growth of the market

According to Enterprise Cloud Index (ECI) 2022, cloud adoption in BFSI industries is expected to double in three years, boosting the market from 26% to 56%. Therefore, the rising adoption of cloud-based solutions and banking platforms by various banks is expected to drive the market growth in the forthcoming years. Also, the rising usage of Big Data, Payment as a Service (PaaS), cyber security, and remote banking solutions is expected to boost the market expansion during the forecast period

Surge in adoption of core banking technology: The banking industry has become a fastest adopter of technologies such as cloud computing, application programming interfaces (APIs), data analytics, artificial intelligence, robotic process automation (RPA), chatbots, machine learning, and blockchain, among others.

In addition, with an implementation of core banking solutions, banks are able to perform effective customer analysis while simultaneously enabling customers to carry out their usual banking transactions effectively.

Therefore, to modernize banking functionality, several banks are implementing core banking solutions to provide more integrated & value-added services. Hence, adoption & implementation of core banking solutions among banks drive the core banking solutions market growth

Huge maintenance cost & shortage of skilled workforce: Increase in non-availability of low skilled labor, which are needed to perform highly advance tasks in the banking sector has become one of the major factors limiting the market growth. In addition, to maintain unprecedented levels of speed, accuracy, and cost efficiency banking operations with an implementation of core banking solutions is lacking in the banking industry

Growth in mergers & acquisitions among banks & financial institutions across regions: With growth in core banking mergers & acquisitions, key players are seeking to accelerate their existing product development processes in the market. In addition, banks & financial institutions are adopting new approaches for on-going business operations rather than rebuilding from scratch.

Therefore, to meet customer expectations & enhance automated banking services on a single platform, banks & financial institutions require modernization of core banking systems. As a result, while executing mergers & acquisitions to operate faster, smarter, and provide real-time digital customer experience, banks & financial institutions are expected to adopt & implement core banking solutions. These factors, therefore, anticipated to create an immense opportunity to the core banking solutions market in upcoming years

More importantly TFL is an established SAAS player in the core banking space enjoying marquee customers which will help it gain higher market share and improve margins ahead

### TFL's Key Competitive Strengths

- **Experienced Management Team** – The company's management team led by Mr. Hemant Chafale, Mr. Heramb Ramkrishna, Mr. Mandar Kishor Deo all have rich work experience in the SAAS Banking Industry in which it is operating and have been responsible for the growth of its operations and financial performance. They also have adequate experience in the line of business undertaken by the Company for its strategic and day-to-day business operations.
- **Scalable Business Model** – TFL enjoys a business model which is scalable. The biggest positive TFL enjoys is that it is a fully Indian-grown integrated SAAS Banking services player & enjoys strong technical expertise in executing projects in a time bound manner and with the highest quality standards catering to diverse set of customers
- TFL enjoys over 200 marquee customers some of them like Pune Dist Co-op Bank, NABARD, HDFC Bank, Saraswat Co op Bank, Cosmos Bank, SVC Bank etc.
- TFL has provided services in India, Srilanka, Nepal, California, Ghambia, Tanzania, Ghana, Liberia, Nigeria, Zimbabwe & going ahead company expects strong business from the US markets where it has already been successful in bagging new orders here
- Company generates around 70% from SAAS revenue which is consistent & regular which is a big positive for TFL.

### Financials –

31st March (₹) Cr.	FY21	FY22	FY23	Sep-23
Total Revenue	23,94	17.63	22.54	18.82
EBIDTA	2.88	1.9	5.78	9.95
EBIDTA %	12.03	10.78	25.64	52.87
PBT	2.94	1.79	5.41	9.73
Profit After Tax	2.2	1.34	4.02	7.28
EPS Rs	4.24	2.58	7.76	14.04
Shareholders' Funds	13.83	15.16	27.19	34.47

Source - Company

### Risks-

- Environmental risks like floods, heavy rainfalls & Cyclones can significantly affect business growth

## **Our View on This IPO**

Trust Fintech Limited (TFL) which is tapping the SME IPO market, enjoys a strong track record of ramping up its turnover in the last two years & building strong business relationships with its domestic & export customers which has helped it significantly scale its operations significantly.

**TFL is a domestically grown, fully integrated player in the SAAS Core Banking market and enjoys a strong presence in the Co op Banks, NBFC, Banks segment we believe that TFL enjoys a business model which is scalable.**

**More importantly TFL is an established SAAS Core Banking player in the Indian SAAS Banking segment. The Indian software-as a-service (SaaS) market is projected to reach \$50 billion of annual recurring revenue (ARR) by 2030.**

**300 mn customers in India are lendable but formal credit has only been extended to 120 mn customers to date. More than \$9.3 Bn in investments were made in digital lending in the last 5 years and the market is expected to grow to \$515 Bn by 2030**

**TFL generates around 70% of its revenues from SAAS while exports going ahead will be the next growth opportunity for TFL**

More importantly, TFL's promoters have significant industry experience and have been instrumental in the company's consistent growth. The management team's combined expertise and experience are also a significant asset going ahead.

We are positive on TFL for the long term as the domestic & Global SAAS market is growing rapidly pan india and globally & TFL enjoys a strong product strengths which will help it capitalize the strong growth seen here. More importantly, the company enjoys marquee customers which makes its positioning very strong & will help it scale up its operations going ahead

After the proposed IPO, the company's net worth will total Rs 91.63 crore; post-IPO, the equity capital will stand at Rs 23.82 crore.

We are confident that Trust Fintech Limited will deliver consistent performance and provide an excellent investment opportunity for investors with a long-term horizon.

Hence, we recommend **SUBSCRIBE** for long-term investment.