



**IPO Report**

20<sup>th</sup> Aug '24

**Snapshot**

Company is an information technology (IT) solutions provider headquartered in Mumbai, Maharashtra incorporated in the year 1997. Over the years company have built deep expertise to develop products and solutions for specialised disciplines across its business verticals which are: • IT Infrastructure: Products and solutions include Data Centre Solutions and End-User Computing; • IT Enabled Services (IteS): Services include Managed Services, Multi-Vendor Support Services, IT Facility Management Services, Network Operations Centre Services, Security Services, and Renewals; and • Cloud and Data Management Services: Services include migration of workload from data centres to cloud.

**VALUATION**

Company is bringing the issue at price band of Rs 195-206 per share at p/e multiple of 21x on post issue FY24 PAT basis. Company has marquee customer base across diverse Customer Industries with wide ranging and diversified IT solutions and offerings. Also , company has strong promoters and board of directors supported by an experienced senior management team and track record of financial performance. Hence , we recommend “Subscribe” on issue

<b>Price Band (Rs./Share)</b>	<b>195-206</b>
<b>Opening date of the issue</b>	<b>21<sup>st</sup> Aug '2024</b>
<b>Closing Date of the issue</b>	<b>23<sup>rd</sup> Aug '2024</b>
<b>No of shares pre issue</b>	35,816,500 Eq Shares
<b>Issue Size</b>	Rs 210-215 Cr
<b>Fresh issue</b>	Rs 120 Cr
<b>Offer for Sale</b>	4,600,000 Equity Shares
<b>Face Value (Rs/ share)</b>	Rs 10/share
<b>Bid Lot</b>	72

**BIDDING DETAILS**

<b>QIBs (Including Anchor)</b>	50% of the offer (Approx 5376924 Eq Shares)
<b>Non-Institutional</b>	15% of the offer (Approx 1613077 Eq Shares)
<b>Retail</b>	35% of the offer ( Approx 3763845 Eq Shares)
<b>Lead managers</b>	Ellara Capital (India) Pvt. Ltd.
<b>Registrar to the issue</b>	Link Intime India Pvt. Ltd

**WHAT WE LIKE**

**Marquee customer base across diverse Customer Industries**

Over the years company have built deep expertise to develop products and solutions for specialised disciplines including HCI, End-User Computing and Robotic Process Automation. Company’s business operations involve technologically advanced solutions for which it collaborate with a wide range of technology partners including Dell, Fortinet and Nutanix. Company’s collaboration with company’s technology partners heightens company’s ability to design and innovate products and provide services tailored to specific customer requirements. Company have demonstrated an ability to cater to entities across various Customer Industries. As of June 30, 2024, company had a diverse base of customers across public and private sector entities across diverse Customer Industries such as BFSI, IT, IteS, healthcare / pharmaceutical, as company’s customers.

**Track record of financial performance**

Company have demonstrated a consistent growth in its financial performance commensurate with the broadening of company’s product range and increase in its customer base. Company’s revenue from operations grew at a CAGR of 13.57% between Fiscal 2022 and Fiscal 2024. Its revenue from operations during Fiscal 2024, Fiscal 2023 and Fiscal 2022, was ₹ 6,028.93 million, ₹ 5,351.02 million, and ₹ 4,674.43 million, respectively. Company’s profit after tax for Fiscal 2024, Fiscal 2023 and Fiscal 2022, was ₹ 414.48 million, ₹ 382.98 million and ₹ 334.93 million, respectively. S



## COMPANY BACKGROUND

Company's business operations involve technologically advanced solutions for which company collaborate with a wide range of technology partners including Dell International Services India Private Limited (Dell) and Fortinet, Inc. (Fortinet) and Nutanix Netherlands B.V. (Nutanix). A key facet of its product and service offerings is its ability to tailor and customise company's offerings to the specific needs of company's customers. Company's collaboration with its technology partners heightens its ability to design and innovate products and provide solutions tailored to specific customer requirements. Company's range of customised offerings and its ability to specifically tailor solutions to the specific needs of customers have enabled company to garner prominent customers across industries and count leading public and private sector entities across diverse customer industries such as banking, financial services, and insurance (BFSI), IT, ItES, healthcare / pharmaceutical (Customer Industries).

Company's constant endeavour is to nurture every client relationship to ensure that it translates into a long-term association. Company also continually engage with its customers to understand their requirements better to be able to provide more holistic services and to identify new areas where it can engage with them. Company's expertise, honed over the years, in conjunction with the strength of its collaborative efforts with its technology partners enables company to provide customised IT solutions to its customers. Company also track the developments in the business segments in which it operate in to stay abreast of emerging trends and capitalise on new business opportunities. All these factors enable company to strengthen, and forge long-term and more successful, relationships with its existing customers.

A brief description of the salient features of company's products and services is set out below:

### • IT Infrastructure

Company's products and services offering in IT Infrastructure comprises:

- (i) Data Centre Solutions (DCS) offer servers, storage, active and passive networking components (such as switches, routers, access points etc.), collaboration solutions (such as solutions for CCTV (i.e., closed circuit television) and transmission of feed from CCTV, and virtual conferences / meetings), and security solutions. Company offer emergent technologies such as Hyper Converged Infrastructure (HCI) i.e., a technological product which integrates servers, storage, and network components, backup and disaster recovery software, and virtualisation i.e., creation of software based virtual machines for server, storage, network, desktop and applications; and
- (ii) End-User Computing (EUC) involves desktop management, end-user support, and mobile device management.

### • IT Enabled Services

Company's ItES comprises:

- (i) Managed Services which involve monitoring, maintenance and support of IT systems and backup and disaster recovery services which involves offering software licenses and administration, management and support for backup and recovery of data;
- (ii) Multi-Vendor Support Services which involve hardware and software support through annual maintenance contracts and includes troubleshooting, repair, and maintenance services for devices and systems from multiple vendors;
- (iii) IT Facility Management Services which involve on-site and remote support for system administration, storage administration, cloud administration and network administration;
- (iv) Network Operations Centre Services which involve remote network management and Security Services which involve providing security solutions; and
- (v) Renewals which involve annual subscription of software licenses.

Company have recently ventured into 'Device as a service (DaaS)'. Under DaaS company provide desktops, laptops, tablets, printers, scanners, smartphones, and servers, bundled with software, along with managed services on a 'pay-per-use' model i.e. on a subscription basis.

### Cloud and Data Management Services

Company's products and services offering in cloud and data management services comprise data analytics, business analytics (i.e., using data and statistical methods to analyze business operations by use of advanced analytics techniques such as predictive modelling, data mining, and machine learning to extract insights from large and complex data sets), robotic process automation (RPA) i.e., use of technology to automate back office functions such as extracting data, filling forms, file transfers etc., cost management, Internet of Things (IoT), and delivery of applications and services (DevOps), and containerisation and microservices (i.e., use of containers, which are a way to package applications, libraries, and configurations and run them as a self-contained and isolated environment agnostic of the software installed on the host system, to build deploy and manage applications) on a subscription basis



**INVESTMENT RATIONALE**

<p><i>Wide ranging and diversified IT solutions and offerings-</i></p>	<p>Company offer a wide ranging and diversified bouquet of product and service offerings and classify its business into 3 verticals viz., IT Infrastructure, ITeS and Cloud and Data Management Services. Company’s products and services offering in IT Infrastructure comprises Data Centre Solutions and End-User Computing. While the IT Infrastructure segment is the business segment with the longest operational track record and, in the Fiscal 2024, Fiscal 2023 and Fiscal 2022, its largest revenue generating segment, company have broad-based its offerings significantly even within this segment, and continually, add new products. For instance, in Fiscal 2024, Fiscal 2023 and Fiscal 2022, company added various new products under its cyber-security solutions. Company’s ITeS include Managed Services, Multi-Vendor Support Services, IT Facility Management Services, Network Operations Centre Services, Security Services, and Renewals. Company’s large pool of skilled and technically competent resources ably supports its ITeS operations, and this segment grew at CAGR of 29.51% between Fiscal 2022 and Fiscal 2024.</p>
<p><i>Strong Promoters and Board of Directors supported by an experienced senior management team</i></p>	<p>Company is led by experienced and technically qualified Promoters i.e. Ajay Baliram Sawant, Jayesh Manharlal Shah, Ujwal Arvind Mhatre and Umesh Navnitlal Shah who have co-founded, conceptualised, incubated and nurtured company’s business and continue to be actively engaged in its business operations. Each of them brings a different set of operational strengths to Company and are backed by experienced senior level of management team whose varied background guides and provides direction to company’s business operations. In addition to company’s Promoters who are also company’s executive directors, its strong and robust Board of Directors comprise individuals who bring their respective experience and expertise to its operations</p>
<p><i>Track record of financial performance</i></p>	<p>Company have demonstrated a consistent growth in its financial performance commensurate with the broadening of company’s product range and increase in its customer base. Company’s revenue from operations grew at a CAGR of 13.57% between Fiscal 2022 and Fiscal 2024. Its revenue from operations during Fiscal 2024, Fiscal 2023 and Fiscal 2022, was ₹ 6,028.93 million, ₹ 5,351.02 million, and ₹ 4,674.43 million, respectively. Company’s profit after tax for Fiscal 2024, Fiscal 2023 and Fiscal 2022, was ₹ 414.48 million, ₹ 382.98 million and ₹ 334.93 million, respectively.</p>
<p><i>Marquee customer base across diverse Customer Industries</i></p>	<p>Over the years company have built deep expertise to develop products and solutions for specialised disciplines including HCI, End-User Computing and Robotic Process Automation. Company’s business operations involve technologically advanced solutions for which it collaborate with a wide range of technology partners including Dell, Fortinet and Nutanix. Company’s collaboration with company’s technology partners heightens company’s ability to design and innovate products and provide services tailored to specific customer requirements. Company have demonstrated an ability to cater to entities across various Customer Industries. As of June 30, 2024, company had a diverse base of customers across public and private sector entities across diverse Customer Industries such as BFSI, IT, IteS, healthcare / pharmaceutical, as company’s customers.</p>



## OBJECTS OF OFFER

### Offer for Sale

The Offer for Sale comprises up to 4,600,000 Equity Shares.

### Fresh Issue

The Fresh Issue comprises an offer of up to aggregating up to ₹ 1,200 million

### Object of the Fresh Issue

Company proposes to utilise the Net Proceeds towards the following objects:

1. Acquisition of office premise at Navi Mumbai situated at unit no 1201, 1202, 1203, and 1204, respectively which are situated at Plutonium Business Park, Trans-Thana Creek Industrial Area, Turbhe MIDC, District Thane, Navi Mumbai (collectively, Navi Mumbai Property);
2. Funding capital expenditure requirements for:
  - i. Purchase of equipment for setting up of Network Operating Centre (NOC) and Security Operation Centre (SOC) at Navi Mumbai Property; and
  - ii. Purchase of equipment and devices to offer Devise-as-a-Service (DaaS) offering. (collectively, Capital Expenditure).
3. General corporate purposes.

## RISKS

Company is heavily reliant on company's top 10 customers, and the loss of such customers or a significant reduction in purchases by such customers will have a material adverse impact on company's business.

Source:RHP

## INDUSTRY OVERVIEW

### Growth drivers of Device-as-a-Service (DaaS) industry in India

The growth of the DaaS industry is propelled by several key drivers such hybrid workforce, demand for subscription model, sustainability goals, cyber security requirements etc. The same has been elaborated below.

• **Growing hybrid workforce across the globe to aid the growth of the Industry** Global disruptions have catapulted the global workforce into a work-from-home/hybrid work environment. This has made management of IT assets a challenge for the employers. As this work environment gains more prominence, challenges will rise and DaaS offers to tackle this business challenge by eliminating inconsistent experience across the IT asset life cycle that comes with supporting a geographically dispersed workforce and improve the overall employee experience and productivity. The DaaS model offers full technical support for end users with the capability to remotely remedy PC problems and reduces downtime.

• **Increasing shift towards subscription based model** There is a growing trend where businesses are moving towards subscription model for IT procurement in order to lower capital expenditure in order to manage their finances better. The move to an operational expense model makes the financial risk elements more predictable. This allows the businesses to procure latest technology without the upfront cost for it. This has particular appeal for small and medium enterprises as they have limited access to capital for IT infrastructure, making DaaS model more lucrative for SMEs.

• **DaaS support ESG and sustainability goals** In the DaaS model, once an asset is returned by a user due to expiration of contract or upgradation, the DaaS providers refurbish the asset and deploy it with another user. This way the assets have a longer life through adequate maintenance. As part of their offerings, many DaaS providers promises that the asset is disposed sustainably. This supports the businesses' goals of sustainability as well. DaaS also supports work from home which in turn reduces emissions, driving time and real estate cost. The DaaS model also enables a circular economy which helps efficient usage and disposal of the electronic waste.

• **Rising threat of cyber-attacks** Over the years, businesses have seen a growing threat of cyber-attacks such as ransomware. This requires the companies to become more agile in updating their IT infrastructure and data security measures. As part of its offerings, many DaaS providers conduct continuous surveillance of cyber security parameters and deploy timely software updates before any damage is caused. Businesses benefit with latest security measures by outsourcing cyber security to DaaS provider, which are be tailored for specific business categories.

• **Improved bandwidth for internal IT team** As part of the DaaS model, the businesses outsource the hardware maintenance, support and other lifecycle management process to the service provider. This frees the IT team of the business from the entire asset management process - procurement, deployment, maintenance, support, security, and disposal. The IT team is free to focus on business innovation and other core processes. The helps businesses reduce internal process complexity and helps them with IT



**Consolidated Financials**

(Rs in Mn)

Financials	FY22	FY23	FY24
Total Revenue (A)	4674.43	5351.02	6028.93
Total Expenditure (B)	4216.18	4864.58	5462.75
EBIDTA	458.25	486.44	566.18
EBIDTA Margin	9.80	9.09	9.39
Other Income	16.80	69.07	39.71
Depreciation	19.38	17.89	36.27
EBIT	455.67	537.62	569.62
Interest	10.13	18.08	20.50
PBT	445.54	519.54	549.12
Share of profit in Asso	0.00	0.00	0.00
PBIT	445.54	519.54	549.12
Exceptional	0.00	0.00	0.00
PBT	445.54	519.54	549.12
Tax	110.61	136.57	134.64
PAT	334.93	382.98	414.48
NPM	7.17	7.16	6.87
ROE%	35.59	29.73	23.64
EPS	9.57	10.94	11.80
Eq Cap	175.00	175.00	358.17
Net Worth	941.05	1,288.24	1,753.07

(Source: RHP)

**Peer Comparison**

Company Name	P/E	Revenue from operations (Rs in Mn)	EPS	NAV	ROE %
<i>Orient Technologies Limited</i>		<i>6068.64</i>	<i>11.80</i>	<i>48.95</i>	<i>23.64</i>
<b>Peers</b>					
Dynacons Systems & Solutions Limited	29.47	10288.47	42.37	124.02	34.13
Allied Digital Services Limited	26.05	6882.20	8.07	111.93	7.41
Dev Information Technology Limited	29.01	1651.16	4.18	25.92	16.26

(Source: RHP)



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