



IPO Details	
Opening Date	July 14, 2023
Closing Date	July 18, 2023
Stock Exchange	NSE SME
Lot Size	2000 shares
Issue Price	₹63 - ₹67 per share
Issue Size	30,86,000 Equity Shares
Application Amount (@ Upper band for retail investors)	₹ 1,34,000
Amount Raised (Issue Type)	₹20.68 Cr (Fresh Issue)

IPO Objective	
1.	To Meet out the Working Capital of the Company.
2.	General Corporate Purpose.
3.	Public Issue Related Expenses.

Pre-Issue Shareholding			
Category	No. of Shares	% of Total Shares	
Promoter & Promoter Group	84,12,500	100%	
Public	-	-	

Promoter of the Company	
1.	Mrs. Shany Jalal
2.	Mr. Anil Kumar M
3.	Mr. Amit Kumar Rakhecha

Competitive Strengths	
1.	Enduring Values of the company & Management Team.
2.	Integrity.
3.	Customer Focus.
4.	Innovation.
5.	Teamwork.
6.	Respect for Individuals.
7.	Accountability.
8.	Strong Statutory compliance policies.

Company Background	
○	Service Care Limited was incorporated in the year 2011 headquartered in Bangalore, Karnataka.
○	The Company was incorporated with the objective to providing services as Workspace Administration Services & Workforce Administration Services across all the business domains.
○	Primarily Workspace Administration services covers all the Integrated Facility Management and Business Services, on the other hand Workforce Administration services covers all kind staffing solutions, outsourced recruitment processes and payroll management.
○	Company currently service clients from the Manufacturing, Engineering, Infrastructure, Information Technology, Government & Banking, healthcare, Staffing & Recruitment, Food, Education, FMCG verticals.
○	As per the offer document, as on April 30 th , 2023 company have 5,764 employees on their payroll.

Market Capitalization (In Cr.)		
	Pre-Issue	Post-Issue
	₹ 56	₹ 77

Financial Summary (INR In Lacs.)			
For the Period Ended	Mar-21	Mar-22	Jan-23
Total Assets	2,019.92	2,430.89	3,181.30
Net Assets	457.84	632.32	1,134.66
Total Borrowings	314.56	341.47	-
Total Revenue	8,933.38	11,501.65	13,217.29
Profit After Tax	23.46	174.48	302.34

Tentative Timeline	
Opening Date	July 14, 2023
Closing Date	July 18, 2023
Basis of Allotment	July 21, 2023
Initiation of Refunds	July 24, 2023
Credit of Shares to Demat	July 25, 2023
Listing Date	July 26, 2023



Table of Contents

1.	Company Overview.....
2.	Industry Charts.....
3.	Investment Overview.....
4.	Promoter & Promoters' Profile.....
5.	Financial Analysis.....
6.	Key Risk Factors.....
7.	Track Record of Lead Manager.....
8.	Recommendation.....
9.	Disclaimer.....

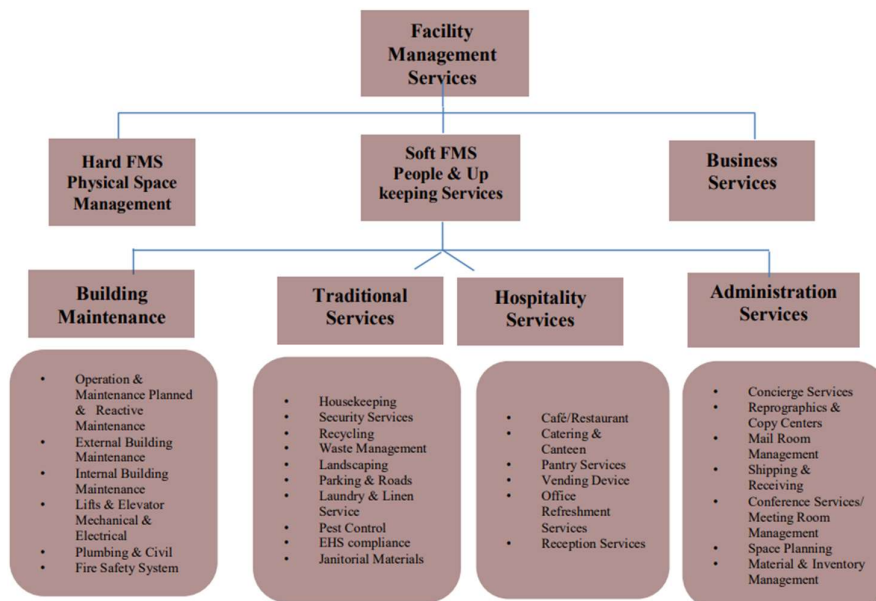
Company Overview

Service Care Limited was incorporated in the year 2011 headquartered in Bangalore, Karnataka. The Company was incorporated with the objective of providing services as Workspace Administration Services & Workforce Administration Services across all the business domains. Primarily Workspace Administration services covers all the Integrated Facility Management and Business Services, on the other hand Workforce Administration services covers all kind staffing solutions, outsourced recruitment processes and payroll management. Company currently service clients from the Manufacturing, Engineering, Infrastructure, Information Technology, Government & Banking, healthcare, Staffing & Recruitment, Food, Education, FMCG verticals.

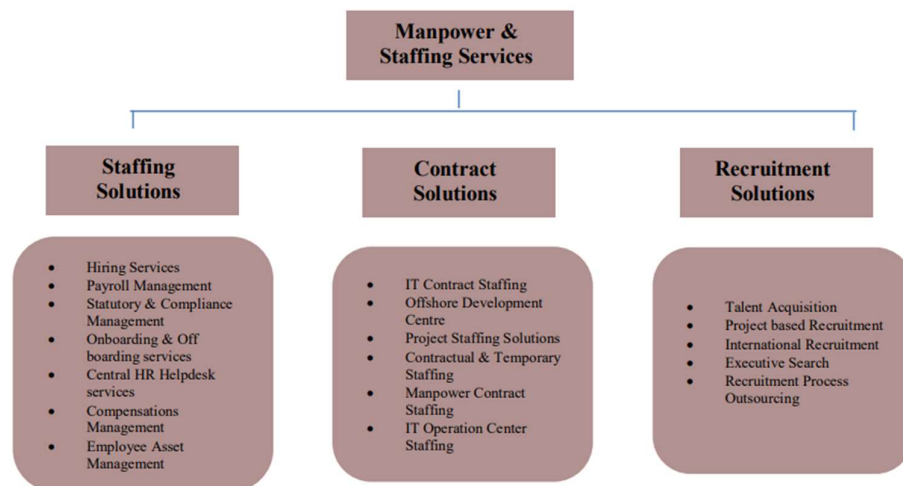
Analysis

Being in operations since 2011, the company has a decent track record of existence in the industry, along with the overall experience and Market presence of more than 23 years of the promoters and have established its creditability with its customers and partners across the country. Company offers integrated services in the areas of Facility Management and Payroll Management, and they are as follows:

- Workspace Administration Services - Workspace Administration Services vertical focus on delivering professional services towards facility management. Under this business vertical company provides, Hard Services, Soft services, Guest House Management or any Business Administrative Services and they can be categorized as below:



2. Workforce Administration Services – Service Care Ltd is a popular workforce management services provider, they offer end-to-end HRMS & HROS services that is designed solving complex HR challenges. Build to consume staffing services, Contract Staffing, talent acquisition, search and recruitment, payroll management & compliance, training and skill development, to manpower management, and they can be categorized as below:



Out of the above two mentioned business segments company generates most of its revenue from Workforce Administration Services i.e., contributing up to 88.47% of their total revenue. Further, segment -wise revenue bifurcation is given below: -

(Rs. in lakhs)

Particulars	31st Jan 2023		Fiscal 2022		Fiscal 2021	
	Amt.	(%)	Amt.	(%)	Amt.	(%)
Workspace Administration Services	1,523.40	11.53	1,605.60	13.97	1,309.96	14.68
Workforce Management Services	11,684.65	88.47	9,889.56	86.03	7,616.27	85.32
Total	13,208.05	100.00	11,495.16	100.00	8,926.23	100.00

To conclude, the business segment in which the company operates in is not unique, whereas they have good growth prospect as they already operate in 22 states around the country and are planning to further expand in other country.

Industry Charts

Exhibit 1: Global Recruitment And Staffing Market Size And Forecast



(Source- verifiedmarketresearch.com)

Exhibit 2: Indian Staffing Industry



(Source- Indian staffing federation)

Investment Overview

Global Staffing Industry

The staffing industry includes organizations whose purpose is to locate and/or supply workers for other organizations. The predicted revenue for the global staffing industry in 2022 was estimated at over 650 billion U.S dollars, following two years of continuous growth. The industry took a big hit during the peak of the coronavirus pandemic in 2020, however revenue has bounced back to surpass pre-pandemic figures. The largest revenue segment of this industry is agency work, comprising approximately 75 percent of the market in 2020. Recruitment services constitute the remainder.

Indian Staffing Industry

1. Staffing industry added new employment at a sharp 21.9 % YoY 2021 22, compared to a 3.6 % new employment generated in the previous year.
2. With robust employment demand seen from across sectors, 100 + members of Indian Staffing Federation employ 1.26 mn flexi workforce (March 2022).
3. The new employment generated was at a much sharper growth rate than even pre pandemic years.
4. Staffing members at ISF added 2.27 lakhs new formal workforce in 2022.
5. General Staffing Industry nett new employment grew at 21 %, adding 1.57 lakhs new formal workforce, from the year before at 18.1%.
6. General Staffing Industry was primarily driven by demands from FMCG, E commerce, Manufacturing, Healthcare, Retail, Logistics, Banking, Energy etc.
7. IT Staffing Industry witnessed a sharp jump with 30.7% growth adding further new employment, than the year before at 14.1%. The demands were driven primarily with the digital adoption across sectors A few promising impact sectors to continue will be Fintech, IT, Infra, etc.



8. IT staffing industry post Q 2 also started witnessing a stabilisation in the demand, with Q 4 bringing a sharp response from geopolitical scenario developing across the world from the Ukraine war, impact of global financial markets among others.
9. Overall, the Staffing Industry continued a stable Quarter on Quarter (Nett employment) growth at 4.2 % in Q 4 22.
10. Staffing industry is poised to continue its contribution in the formal employment growth, as demand is seen to be moving at a stable rate.

(Source- Prospectus)

Addressable market for Service Care Limited

The company currently has geographical presence in around 22 states across India and can further expand in other states. Company can also expand their presence in international markets as they operate in an industry with very less barrier to entry. Facilities Management Market (FMS) defined to grow more than 25% year on year and with modernization and customer awareness towards FMS industry increasing, workspace dynamic is changing and need of FMS is increasing since all tiers of geography are expanding.

Competition

Company operates in an industry which is highly competitive and fragmented and they compete with a range of organized and unorganized players, both on the national and regional level. There is no barrier to entry and they have relatively less bargain power.

PEER ANALYSIS

As mentioned in the prospectus company has 3 listed peer company viz. ITCon E Solution Limited, Integrated Personnel Services Limited and Quess Corp Limited. An analysis of the same has been given below–

Particulars	Service Care Limited			ITCon E Solution Limited			Integrated Personnel Services Limited			Quess Corp Limited		
	Mar-23*	Mar-22	Mar-21	Mar-23	Mar-22	Mar-21	Mar-23	Mar-22	Mar-21	Mar-23	Mar-22	Mar-21
Net Profit Margin	2%	2%	0.26%	8%	9%	1%	3%	2%	1%	2%	3%	2%
EBITDA Margin	3%	2%	1%	9%	9%	2%	4%	4%	4%	2%	5%	4%
Return on Capital Employed	34%	35%	8%	18%	64%	5%	19%	27%	24%	9%	14%	7%
Return on Equity	27%	28%	5%	19%	74%	11%	16%	23%	15%	11%	15%	8%
EPS (INR)	3.16	1,744.81	234.60	3.44	1,043.86	70.18	6.29	7.95	3.78	15.14	16.30	3.92

Based on the above analysis, The margins of the company are low when compared to its peer. The ROE and RoCE have increased when compared to its peer. The EPS of the company was high in previous fiscals and is at par for the last years when compared with the peer.

Service Care Limited (Post-Issue and annualized Basis)

- P/E Ratio – 25.48 Times
- EPS – 2.63

* Figures for Mar-23 is annualized.

Promoters' Profile and Management Analysis

Mrs. Shany Jalal



- Mrs. Shany Jalal, aged 46 years, Earlier, she was appointed as a Promoter - Executive Director of the Company w.e.f. 13th May, 2011. Thereafter Designation was changed as Chairman and Managing Director for a period of 5 (Five) years w.e.f. April 19th, 2023.
- She is a Graduate in Hotel Management from Al-Ameen College of Management – Bangalore.
- She is primarily involved in the Operational activities of the Company.

Mr. Anil Kumar M



- Mr. Anil Kumar M, aged 48 years, is the Promoter-Executive Director of the company.
- He holds a degree in Bachelor of Science: Mathematics.
- He is primarily involved in the sales & marketing activities of the Company.

Mr. Amit Kumar Rakhecha



- Mr. Amit Kumar Rakhecha, aged 44 Years, is the Executive Director of the company.
- He is an MBA (PGD) in Finance and marketing from MDU, Rohtak.
- He is involved in the establishing new business units from ground zero.

Analysis on the Company's Promoter and Board of Directors

Mrs. Shany Jalal, aged 46 Years, is a Graduate in Hotel Management from Al-Ameen College of Management – Bangalore. She is primarily involved in the Operational activities of the Company with the sound business sense during last almost 25 Years. She was initially appointed as an Executive Director from May 13th, 2011 and presently reappointed as Chairman and Managing Director from April 19th, 2023. Shany Jalal has been an entrepreneur since 1997.

Mr. Anil Kumar M, aged 48 years, has completed Bachelor of Science in Mathematics. He is primarily involved in the sales & marketing activities of the Company with the sound business sense during last almost 28 years. He is presently appointed as an Executive Director of the company. He has a background in increasing profits, reducing costs and transforming customer service standards and is experienced in leading and supervising operational and sales teams.

Mr. Amit Kumar Rakhecha, aged 44 Years, is an MBA (PGD) in Finance and marketing from MDU, Rohtak. He is involved in the establishing new business units from ground zero, leading business units, driving revenue, P&L Extensive experience in structuring large and complex deals at CXX level Collectively, he has 24 years of rich experience. He is presently appointed as Executive Director and Chief Financial Officer of the company.

Mr. Bharath Kumar Jain, aged 32 years, is a qualified Chartered Accountant. He looks after all the Management related function of the Company. He has total experience of 6 years. Initially appointed as an Additional Director April 26th, 2023 and presently appointed as Independent Director from April 27th, 2023 to April 26th, 2028.

Mr. Ajay Kumar Bantia, aged 32 Years, is a qualified Company Secretary. He looks after all the Management related function of the Company. He has total experience of 12 years. He is presently appointed as Independent Director the company.

To conclude, there are three promoters for the company and all the promoters have good knowledge and experience in the industry which the company operates in. Remaining all the directors of the company have decent experience in the industry which will helps in the growth of the company. The roles and responsibility of the independent directors have not been mentioned clearly.

Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2021	As at 31st March, 2022	As at 31st January, 2023
<u>Profit and Loss</u>			
Revenue from operations	8,926.23	11,495.16	13,208.05
Other income	7.15	6.49	9.24
Total Revenue	8,933.38	11,501.65	13,217.29
Expenses	8,864.59	11,253.51	12,795.86
Depreciation and Amortisation Cost	6.97	4.43	3.73
Finance Cost	15.72	10.70	15.26
Total Expenses	8,887.28	11,268.64	12,814.85
PBT	46.10	233.01	402.44
PBT Margin	0.52%	2.03%	3.05%
EBITDA	61.64	241.65	412.19
EBITDA Margin	0.69%	2.10%	3.12%
Net Profit	23.46	174.48	302.34
Net Profit Margin	0.26%	1.52%	2.29%
<u>Balance Sheet</u>			
Total Borrowings	314.56	341.47	-
Net Worth	457.84	632.32	1,134.66
Fixed Assets	16.31	32.55	22.26
Net Working Capital	392.19	531.95	1,036.31
<u>Financial Measures (post-IPO and Annualised)</u>			
Inventory Turnover Ratio	-	-	-
Receivables Turnover Ratio	6.78	6.76	5.68
Payables Turnover Ratio	-	-	-
Fixed Assets Turnover Ratio	547.29	353.15	736.71
Return on Capital Employed	11.67%	36.72%	15.22%
Return on Equity	5.12%	27.59%	11.33%
Debt-Equity Ratio	0.69	0.54	-
Interest Coverage Ratio	3.48	22.17	-

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

Earnings Before Interest, Taxes, Depreciation, and Amortization

The EBITDA have increased from Rs. 45.92 lacs in FY-21 to Rs. 230.95 lacs in FY-22, and Rs. 396.93 lacs as on 31st Jan-23 and is expected to be around Rs. 476.32 lacs for FY-23 when annualized, growing at a CAGR of 183.27%, and the EBITDA margin in FY-21 was 0.51%, 2.01% in FY-22 and 3.01% as on 31st Jan-23. There is an exponential increase in EBITDA due increase in the revenue. The increase in EBITDA margin is due to a decrease in percentage contribution of Employee benefits expenses (as it is a major expense for the company) towards EBITDA.

Net Profit

The Net Profit of the company in FY-21 was at Rs. 23.46 lacs and 174.48 lacs in FY-22, Rs. 302.34 lacs as on 31st Jan-23 and is expected to be around Rs. 362.81 lacs for FY-23 when annualized. The Net Profit margin in FY-21 was at 0.26%, 1.52% in FY-22, and as on 31st Jan-23 it was at 27.35% growing at a CAGR of 293.26%. The exponential increase in the net profit margin is due to same reason as EBITDA margin.

Finance Cost

Finance Cost Includes interest on Short-Term Borrowings & Bank Charges.

Financial Measures/Ratio

The RoCE of the company in as on 31st Jan-23 was at 35.45%, 36.72% in FY-22 and - 11.67% in FY-21. The increase in the RoCE during FY-22 from FY-21 is due to increase in EBIT when compared with capital employed. Whereas, with the increase in the equity base of the company through IPO, the ROCE on an annualize basis i.e., post-IPO basis is expected to fall for FY-23 up to 15.22%.

The ROE of the company in FY-21 was 5.12%, 27.59% in FY-22 and 26.65% as on 31st Jan-23. The ROE of the company has increased in FY-22 from FY-21 due to an increase in net profit when compared to equity shareholders fund. The ROE on post-IPO basis is expected to fall up to 11.33%.

Receivables turnover ratio has decreased from FY-21 to FY-22, i.e., from 6.78 times to 6.76 times and further has decreased to 4.73 times as on 31st Jan-23 and is expected to be around 5.68 times in FY-23.

Fixed Assets turnover ratio have decreased in FY-22 to 353.15 times from 547.29 times in FY-21 and have increased to 593.35 times as on 31st Jan-23 and on annualize basis is expected to be around 736.71 times. There has been no proper trend to come



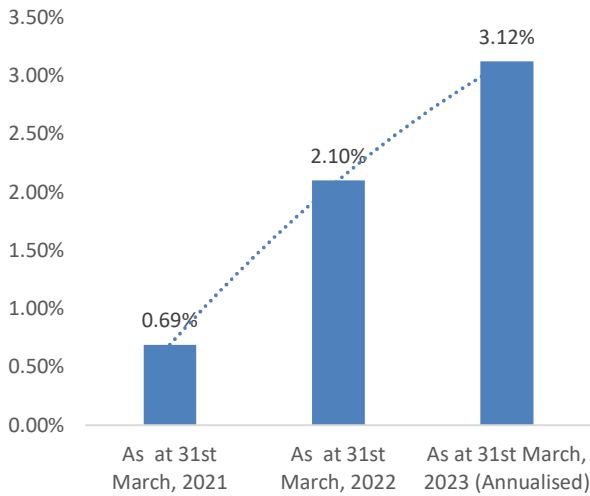
to a conclusion, whereas Fixed Assets turnover ratio is not a right measure for this industry

The debt-equity ratio in FY-22 was at 0.54 times, at 0.69 times in FY-21 and as on 31st Jan-23 it was Nil. The company has not been utilizing its debt opportunity.

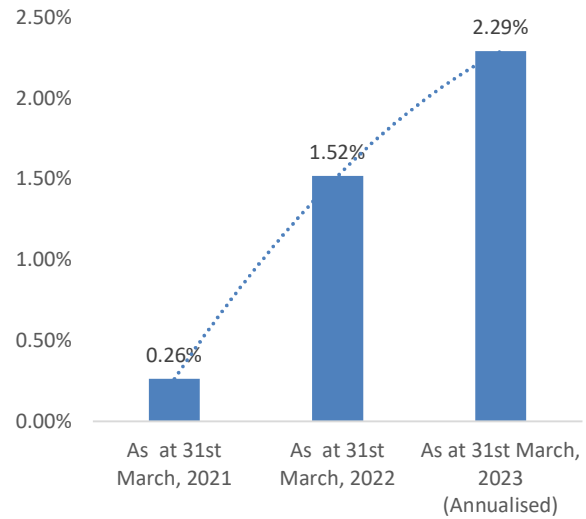
The interest coverage ratio in FY-21 was at 3.48 times, and improved to 22.17 times in FY-22, and 26.77 times as on Jan-23. This indicates increase in the ability of the company to pay its financing expenses with its own profits, whereas interest coverage ratio is going to be Nil on annualize basis as they are not utilizing debt opportunity.

Financial Charts

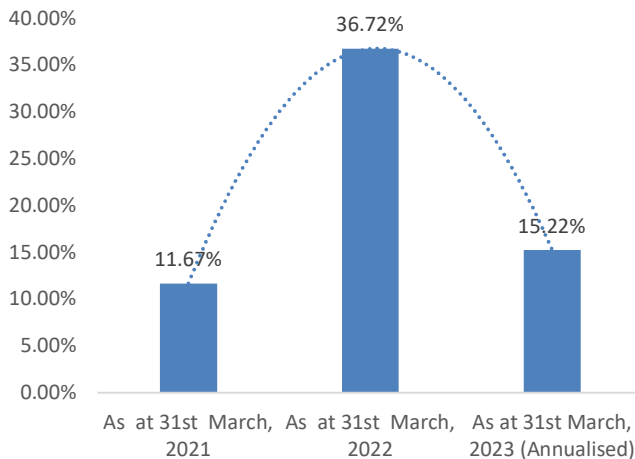
EBITDA Margin



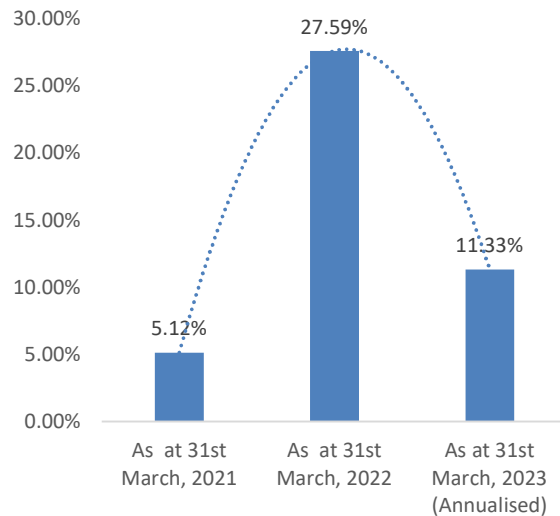
Net Profit Margin



Return on Capital Employed



Return on Equity





Key Risk Factors

1. Company's top 10 client contributes 93.76%, 92.30%, 93.31% and 94.56% of the Total Revenue for the period ended 31st January, 2023 and for the financial year ended March 31st March, 2022, 2021 and 2020 respectively. Wherein, any deterioration of their financial condition or prospects may have an adverse impact on the company's business.
2. Company operates in a highly competitive and fragmented industry with low barriers to entry and may be unable to compete successfully against existing or new competitors, particularly in the unorganized segment.

Track Record of Lead Manager

The lead manager to the issue is Swastika Investmart Limited. A table has been set below highlighting the details of the IPO of the last 5 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.	Infinium Pharmachem Limited	25.25	135.00	April 17th, 2023	284.95
2.	Cyber Media Research & Services Ltd	14.04	180.00	October 10th, 2022	126.50
3.	Sonu Infratech Limited	8.64	36.00	May 17th, 2022	41.05
4.	Evoq Remedies Limited	9.72	27.00	March 30th, 2022	14.52
5.	Richa Info Systems	10.00	125.00	February 21st, 2022	90.00
6.	Aartech Solonics Limited	7.21	34.00	March 27th, 2019	34.60
7.	Synergy Green Industries Limited	26.46	70.00	September 21st, 2018	204.70
8.	Bright Solar Limited	19.44	36.00	July 09th, 2018	5.00
9.	Megastar Foods Limited	8.04	30.00	May 24th, 2018	305.60
10.	Indo US Bio-Tech Limited	7.29	51.00	May 11th, 2018	364.35

*CMP as on 11th July 2023

As per the offer document Swastika Investmart Limited have had 6 mandates in the last three fiscal years (including the ongoing one). For Swastika Investmart Limited out of the last 5 that are mentioned above, 1 opened at par, 1 at discount and the other 3 opened at premiums ranging from 4.17% to 36.25%. Thus, it has a decent track record.

Recommendation

The company has been into this industry since 2011 and has a decent experience in the business. The company has shown good growth in revenue, with an exponential growth in EBITDA and Net Profit but has good growth in its margins.

The company has been in an industry which is highly competitive with low barriers to entry.

The management outlook of the company is good, as they have almost all the personnel in the top management with good work experience relating to the company operates in. The roles and responsibilities of the management has been not be mentioned clearly i.e., the role of independent directors of the company. The company is getting listed with at the Leading P/E of around 25.48 times, at which the company relatively highly priced, looking at the performance of the company over the past years and when compared to its peers.

In conclusion, the business segment in which this company operates is not unique and faces competition. Whereas, they have shown good growth in revenue, EBITDA and NP margins and currently operates in 20+ states across India. And also, at the given P/E level it is relatively highly priced and therefore **Risk Averse Investors should wait and Risk Seekers should apply.**



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.