



IPO Details	
Opening Date	September 29, 2023
Closing Date	October 04, 2023
Stock Exchange	NSE SME
Lot Size	3000 Shares
Issue Price	₹48 per share
Issue Size	Aggregating up to 12.36 Cr.
Fresh Issue	Aggregating up to 12.36 Cr.
Application Amount (@ upper band for retail Investors)	₹ 1,44,000

IPO Objective	
1.	To meet the working capital requirements.
2.	To purchase Laptops and Accessories for IT Development.
3.	Repayment and / or prepayment in part or in full, of certain outstanding loans of the Company.
4.	General corporate purposes.
5.	To meet the issue expenses.

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	53,70,466	89.51%
Public	6,29,534	10.49%

Promoter of the Company	
1.	Shailesh Kumar Damani
2.	Anil Mahendra Kotak

Competitive Strengths	
1.	Customers' Satisfaction and their retention.
2.	Maintaining Long term relationship with clients.
3.	Experienced promoter and senior management team.
4.	Distribution Network.

Company Background	
○	Plada Infotech Services Limited was incorporated in the year 2010 and has its registered office in Mumbai, Maharashtra.
○	Company specializes in delivering comprehensive Business Process Outsourcing (BPO) services tailored to its clients' specific needs.
○	Company specializes in areas such as Account Management, Merchant Acquisition, Field Support, E-commerce, Business Correspondence, Recruitment and Payroll Management Software Solutions and Technology development.
○	The Company's business operations span across various regions within India, with a notable concentration of business activities in the states of Maharashtra and Tamil Nadu.
○	As on March 31 st , 2023, the company had 1,519 employees on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹29	₹49

Financial Summary (In Lacs.)			
For the Period Ended	Mar-21	Mar-22	Mar-23
Total Assets	2,760.03	2,720.31	2,811.09
Net Assets	408.44	518.10	752.70
Total Borrowings	1,952.59	1,771.67	1,654.13
Total Revenue	4,460.86	4,887.39	6,275.12
Profit After Tax	66.71	109.88	233.82

Tentative Timeline	
Opening Date	September 29, 2023
Closing Date	October 04, 2023
Basis of Allotment	October 09, 2023
Initiation of Refunds	October 10, 2023
Credit of Shares to Demat	October 11, 2023
Listing Date	October 12, 2023



Company Background and Analysis

Incorporated in 2010, Plada Infotech Services Ltd has good experience in the industry it operates in. Company specializes in delivering comprehensive Business Process Outsourcing (BPO) services tailored to its clients' specific needs.

The Company provides wide range of services in areas such as Account Management, Merchant Acquisition, Field Support, E-commerce, Business Correspondence, Recruitment and Payroll Management Software Solutions and Technology development.

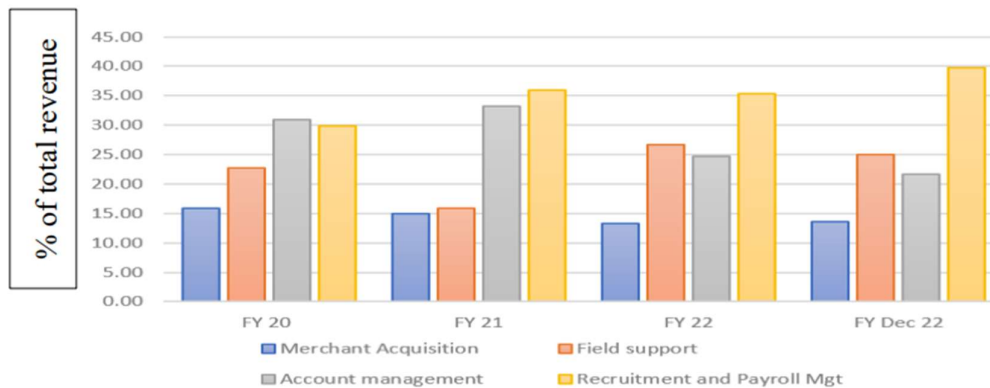
A brief summary of all such services is given below: -

1. **Merchant Acquisition:** The Company acquires and on-board new merchants for its clients (both Domestic and Multinational Companies). Company's wide network of field agents leverages a comprehensive merchant database, working closely with banks branch networks and source the most suited merchants for business. Plada's merchant acquisition services extend from lead-based visits to cold calls.
2. **Field Support:** The merchant onboarding process is followed by the process of installation of terminals which is done through field support. Field service management typically involves dispatching technician, workers or contractors to a location outside company premises to install, maintain or repair equipment, systems or assets. In addition, these professionals manage the team, assign tasks, prepare reports, and maintain customer relationships.
3. **Account Management:** Account management involves managing the processes and compliances associated with merchant engagement & activation, data security, merchant acquisition and implementation of programmes on behalf of the client. Sale of banks', MNC's & Fintech's products, Team management of employees, Incentive based tasks, etc. Company's comprehensive program management gives end-to-end services which includes Talent On-boarding, on Field training, Skill management and recruiting & managing employees.
4. **Recruitment & Payroll Management:** Plada offers Payroll Management services as a complete and an integrated solution. The clients comprise Banks & payment aggregators for whom end-to-end payroll management is done through the platform Kundali. The Company recruits, trains and monitors resources for their clients, along with human resource management additional benefits are also given to the employees by providing insurance, training in soft skills, performance review and career guidance via enrolment in specialized courses.
5. **Business Correspondence:** Business correspondence (BC) are intermediaries, often referred to as "agents" or "distributors," who work on behalf of the bank to market and sell banking financial products to customers.
6. **Software Solutions:** The company is building following products i.e., PRUF, KUNDALI and Merchant Loyalty.
 - (a) **PRUF:** A platform Using One Time Mandate block and release of funds to ease the trust deficit between seller and buyer using blockchain smart contract. This solution provides way of accepting payments (through UPI Mandate Process) and allows monitoring of shipments (by integrating API of Logistic companies).
 - (b) **KUNDALI:** the company has developed an all-in-one, cloud-based HR suite application called KUNDALI. Built on a single database, Kundali features Human Resource Management, Payroll,

Benefits, Talent Management, Time & Labour Management, Learning and Analytics, and Return to Office capabilities.

- (c) **MERCHANT LOYALTY:** This system will offer an efficient merchant loyalty and point redemption system on POS which will in turn enable merchants to incentivize customers who place repeat orders and in turn increase customer loyalty to merchants.

All of the above services are offered PAN India – The year -on – year revenue breakup across different business verticals is given below (as % of total revenue).



The company's business operations span across various regions within India, with a notable concentration of business activities in the states of Maharashtra and Tamil Nadu. While the company's presence is pan-India, a significant portion of its revenue is generated from these two states, showcasing the company's strong market presence and engagement within these regions.

To conclude, Over the years company has expanded its range of services and has performed well with good growth in revenue.

Business Strategies

1. Investment in infrastructure and technology.

Company has invested significantly in equipping technical team with the latest and specialized infrastructure and modern technology. Company intends to continue to invest in the upgradation and modernization of infrastructure and technology.

2. Retain and expand Current clientele and initiate new Business relationships.

Company's primary objective is to establish and nurture long-term, sustainable business relationships with its customers, driving continuous revenue growth. To achieve this, company is committed to expanding the scope and range of service offerings, leveraging on expertise, and extending capabilities.

Competitive Scenario and Peer Mapping

Competition

The service industry is unorganized, competitive and highly fragmented in India. The principal competitive factors include service quality, reliability, and price that are able to comprehensively address varying requirements of different customer segments and specific customer needs. There is no barrier to entry in the industry and the bargain power of the customers is relatively high.

Peer Analysis

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

Particulars	Plada Infotech Services Limited	Firstsource Solutions Limited	Eclerx Services Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	1%	29%	20%
EBITDA Margin	8%	38%	30%
Return on Capital Employed	18%	17%	22%
Return on Equity	16%	17%	19%
EPS (INR)	1.10	5.38	67.29

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

Particulars	Plada Infotech Services Limited	Firstsource Solutions Limited	Eclerx Services Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	2%	25%	23%
EBITDA Margin	9%	35%	34%
Return on Capital Employed	21%	17%	36%
Return on Equity	21%	17%	30%
EPS (INR)	1.83	5.70	105.27

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

Particulars	Plada Infotech Services Limited	Firstsource Solutions Limited	Eclerx Services Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	4%	18%	20%
EBITDA Margin	7%	28%	28%
Return on Capital Employed	23%	12%	36%
Return on Equity	31%	11%	33%
EPS (INR)	3.90	3.65	76.45

Industry Overview

Exhibit 1: India's IT Market size growing.

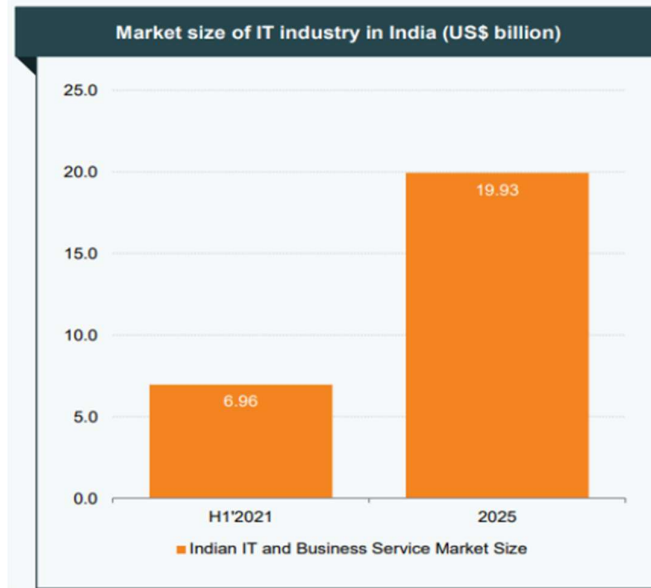
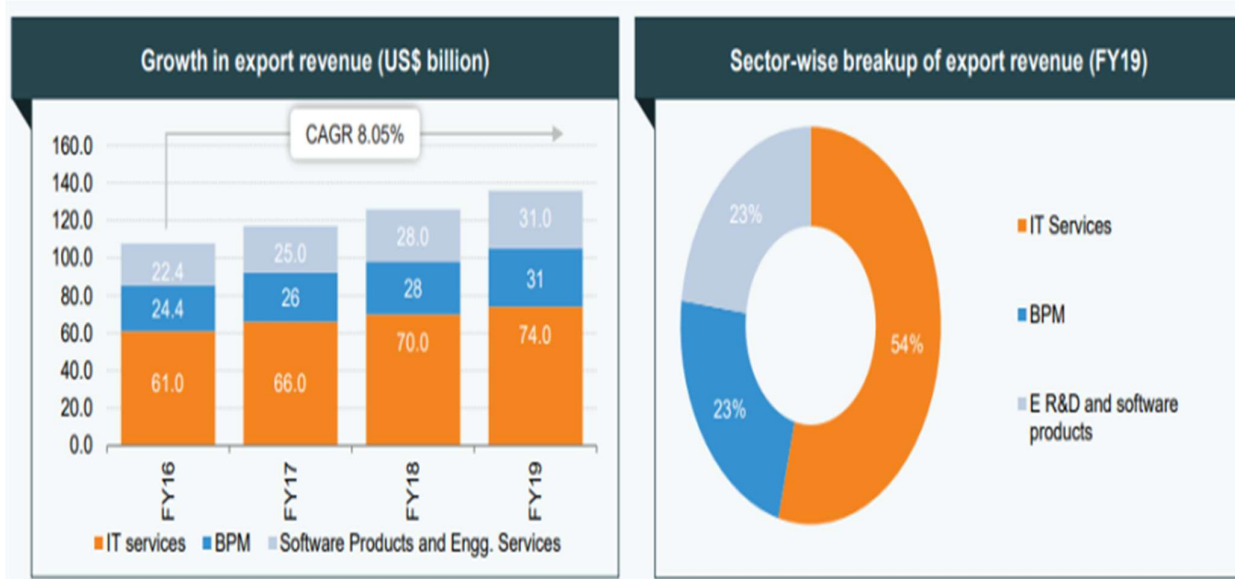


Exhibit 2: Strong growth in IT and BPM exports.



(Source: Prospectus)



India's technology industry

With a considerable impact on the GDP and welfare of the nation, the IT & BPM sector has emerged as one of India's most important economic drivers. In FY22, the IT sector contributed 7.4% of India's GDP, and by 2025, it is anticipated to make up 10% of India's GDP. 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. Gartner forecasts that India's IT expenditure would rise from an estimated US\$ 81.89 billion in 2021 to US\$ 101.8 billion in 2022.

According to a report published by Microsoft, consultancy firm Bain & Co, and industry body Internet and Mobile Association of India (IAMAI), India produces 16% of the entire world's AI talent pool – the third highest in the world. PwC India has also announced that it is planning to hire 10,000 employees in the cloud and digital technologies space over the next five years. As an estimate, India's IT export revenue rose by 11.4% in constant currency terms to US\$ 194 billion in FY23. Exports from the Indian IT industry stood at US\$ 178 billion in FY22. The IT industry added 2.9 lakh new jobs taking the industry's workforce tally to 5.4 million people in FY23.

The computer software and hardware sector in India attracted cumulative foreign investment (FDI) inflows worth US\$ 88.94 billion between April 2000-June 2022. PE investments in the IT sector were \$23.4 billion in 2021. In 2021, private enterprises in India's IT startup ecosystem got record investments totaling about US\$ 36 billion, up from US\$ 11 billion in 2020. In the Union Budget 2023-24, the allocation for IT and telecom sector stood at Rs. 97,579.05 crore (US\$ 11.8 billion).

Amazon Web Services has announced the launch of its second AWS infrastructure region in India - the AWS Asia Pacific (Hyderabad) Region. By 2030, it is anticipated that the region will support more than 48,000 full-time jobs annually thanks to investments totaling more than US\$ 4.4 billion in India.

Bangalore based edtech startup 'BygC' launched India's first upskilling focused community platform for young graduates and people seeking jobs in the BFSI sector. Tech Mahindra Foundation and Wipro GE Healthcare have also joined forces to offer skilling and upskilling courses to students and healthcare technicians.

SAP India and Microsoft have announced the introduction of TechSaksham, a collaborative skilling initiative aimed at enabling young women (from underprivileged regions) to pursue careers in technology. 62,000 women students will be trained in artificial intelligence (AI), cloud computing, web design and digital marketing.

By 2025-26, India is expected to have 60–65 million jobs that require digital skills, according to a Ministry of Electronics & IT report titled "India's trillion-dollar digital opportunity."

(Source: ibef.org)



Key Managerial Personnel

Shailesh Kumar Damani, aged 57 years, is the Promoter, Chairman and Managing Director on the Board of the Company. He holds a Higher Secondary School (HSC) Certificate from Maharashtra State Board of Secondary and Higher Secondary Education, Pune, Maharashtra. He has been associated as the Director of the Company, since inception and has more than 18 years of experience in Textile Industry and was looking after entire Sales Department of Family Business and thereafter since 2006 he has been into placement and data entry and started Merchant acquiring Business. He primarily looks after the overall business operations of the Company including formulation of policies for the business development.

Anil Mahendra Kotak, aged 54 years, is the Promoter, Whole Time Director & Chief Financial Officer of the Company. He holds a Bachelor of Commerce (B.Com.) Degree from University of Mumbai. He has approximately 14 Years of experience in Logistic and relocation industry as Business Development Manager from 2007 to present date. He is responsible for handling the corporate courier and logistic operations in the Company. He also looks after the accounts and finance function of the Company.

Prasanna Lohar, aged 44 years, is the Non-Executive Independent Director on the Board of the Company. He holds a Bachelor of Engineering (B.E.) Degree from Swami Ramanand Teerth Marathwada University, Nanded. He has more than 23 years of experience in the industry of Engineering and Development, Business Process Management, E-Commerce, Payments, etc.

Sumitra Vinit Goenka, aged 45 years, is the Non-Executive Independent Director on the Board of the Company. She obtained her bachelor's degree of Commerce from University of Mumbai, a master's in management studies from University of Mumbai. She has also passed final examination held by The Institute of Company Secretaries of India. She has over 23 years of strong expertise in Business Management, Corporate Governance, Strategic planning, Business Development, Client Relationship, People Management and Funds Management.

Laxmi Bhan Rajan, aged 52 years, is the Non-Executive Independent Director on the Board of the Company. She has completed Master Diploma in Computer Software & Application and Bachelor of Commerce. She has around 32 years of experience in the field of Telecom Service, Digital Transformation, Customer Operations, Customer Experience Strategy & NPS.

To conclude, the promoters of the company have a good experience in the industry that company operates in, the remaining directors also have good 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	4,454.70	4,877.85	6,216.96
Other Income	6.16	9.54	58.16
Total Income	4,460.86	4,887.39	6,275.12
Expenses			
Cost of services	23.56	75.77	20.90
Cost of materials consumed	-	1.30	6.55
Employee benefits expense	3,341.92	3,220.83	4,538.22
Finance costs	233.52	268.34	233.98
Depreciation and Amortization expense	29.78	21.02	13.96
Other expenses	738.36	1,154.93	1,196.39
Total Expenses	4,367.14	4,742.19	6,010.00
Earnings Before Interest, Taxes, Depreciation & Amortization	350.86	425.02	454.90
EBITDA Margin	8%	9%	7%
Profit/(Loss) before exceptional items and tax	93.72	145.20	265.12
Less: Exceptional Items	-	-	-
Profit/(Loss) before tax	93.72	145.20	265.12
Tax Expense			
Current Year	-27.02	-38.23	-35.31
Earlier Year	-0.38	-	0.31
Deferred tax	0.39	2.91	3.70
Total Tax Expense	-27.01	-35.32	-31.30
Profit/(Loss) for the year	66.71	109.88	233.82
Net Profit Margin	1%	2%	4%

Balance Sheet			
	(In Lacs)		
Particulars	FY 21	FY 22	FY 23
EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	1.00	20.00	200.00
(b) Reserves and surplus	407.44	498.10	552.70
Total shareholder's funds	408.44	518.10	752.70
(c) Minority interests	-0.89	-0.85	-1.11
Total Equity	407.55	517.25	751.59
2. Non-current liabilities			
(a) Long-term borrowings	1,394.16	1,367.93	1,164.34
(b) Long-term provisions	16.40	22.68	29.98
Total Non-current liabilities	1,410.56	1,390.61	1,194.32
3. Current liabilities			
(a) Short-term borrowings	558.43	403.74	489.79
(b) Trade payables			
(i) Due to MSME	-	-	-
(ii) Due to Others	82.63	36.32	115.55
(c) Other current liabilities	298.47	367.50	253.04
(d) Short-term provisions	2.39	4.89	6.80
Total Current liabilities	941.92	812.45	865.18
Total Liabilities	2,352.48	2,203.06	2,059.50

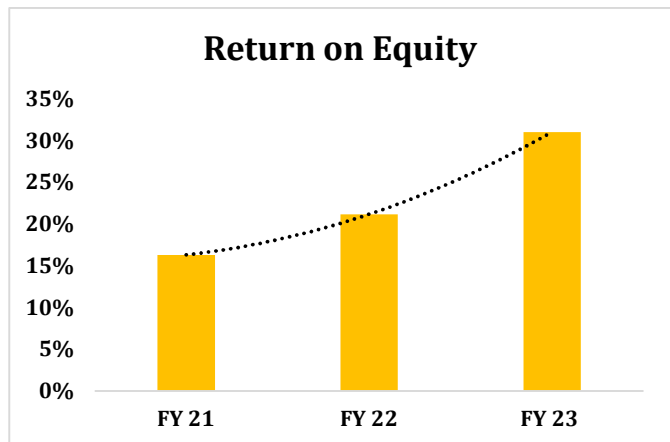
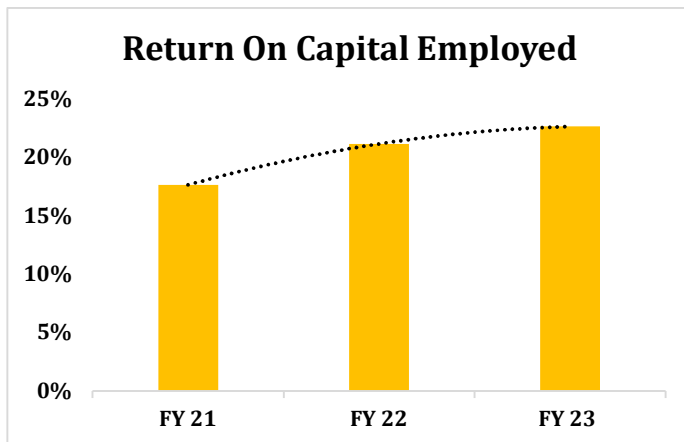
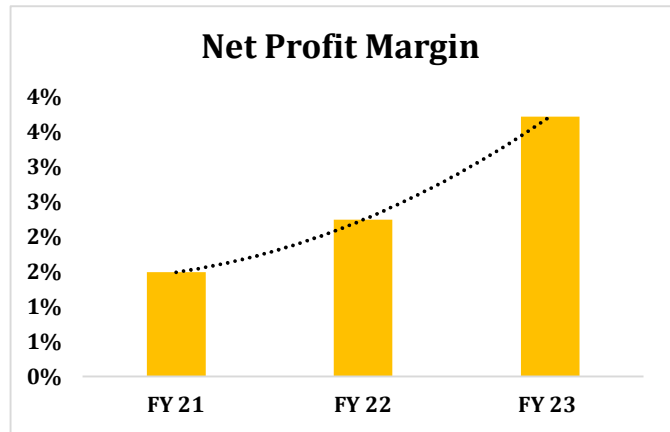
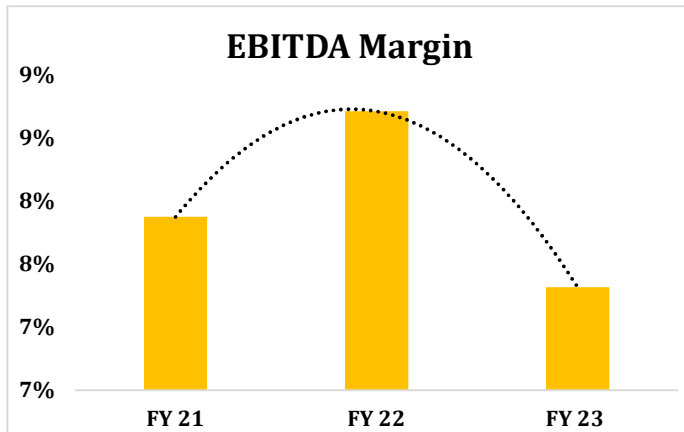


Balance Sheet				(In Lacs)
Total Equity and Liabilities	2,760.03	2,720.31	2,811.09	
ASSETS				
1. Non-current assets				
(a) Property, Plant and Equipment and Intangible assets	66.51	40.88	34.02	
(b) Non-current investments	1,187.59	1,187.59	1,015.26	
(b) Deferred tax assets (net)	23.70	26.61	30.30	
Total Non-Current assets	1,277.80	1,255.08	1,079.58	
2. Current assets				
(a) Inventories	-	2.26	0.07	
(b) Trade receivables	447.90	431.25	458.41	
(c) Cash and cash equivalents	219.36	233.72	338.60	
(d) Other bank balances	1.00	1.00	21.00	
(e) Short-term loans and advances	669.09	686.00	851.59	
(f) Other Current Assets	144.88	111.00	61.84	
Total Current assets	1,482.23	1,465.23	1,731.51	
Total Assets	2,760.03	2,720.31	2,811.09	

Cash Flow Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	
Net Cash Flow from Operating Activities	406.78	481.45	405.41	
Net Cash Flow from Investing Activities	-61.29	-24.83	45.62	
Net Cash Flow from Financing Activities	-270.65	-442.26	-346.16	

Ratio Sheet			
Particulars	FY 21	FY 22	FY 23
Per Share Data			
Diluted EPS	1.10	1.83	3.90
BV per share	4.76	6.04	8.78
Operating Ratios			
EBITDA Margins	8%	9%	7%
PAT Margins	1%	2%	4%
Debtor days	36.70	32.27	26.91
Return Ratios			
RoCE	18%	21%	23%
RoE	16%	21%	31%
Valuation Ratios (x)			
EV/EBITDA	6.10	4.84	4.55
Market Cap / Sales	0.92	0.84	0.66
P/E	43.64	26.23	12.31
Price to Book Value	10.08	7.94	5.47
Solvency Ratios			
Debt / Equity	4.78	3.42	2.20
Current Ratio	1.57	1.80	2.00
Quick Ratio	1.57	1.80	2.00
Asset Turnover	1.61	1.79	2.21
Interest Coverage Ratio	1.37	1.51	1.88

Financial Charts



Key Risk Factors

1. There is only one outstanding legal proceeding involving the Company amounting to Rs. 20.26 Lacs. Any adverse decision in such proceeding may have a material adverse effect on the business, results of operations and financial condition.



Track Record of Lead Manager

The lead manager to the issue is Indorient Financial Services Ltd. A table has been set below highlighting the details of the IPO of the 3 companies handled by the Lead Managers in recent times –

Indorient Financial Services Ltd-

Sr. No	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP* (INR)
1.	Techknowgreen Solutions Limited	16.72	86.00	September 27, 2023	91.35
2.	eMudhra Limited	412.79	256.00	June 01, 2022	477.45
3.	Secmark Consultancy Limited	15.04	135.00	October 01, 2020	87.37

As per the offer document, Indorient Financial Services Ltd has had 2 mandates in the last three fiscal years and 1 opened at premium and one at discount.

*CMP for all the above-mentioned companies is taken as on 28th September 2023.



Recommendation

The company has experienced good 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 good, along with proper bifurcation of the roles and responsibilities of its top management.

The P/E on an annualised and Post IPO basis is around 17.60 times which seems to be fully priced looking at the performance and size of the company.

The Company experienced considerable growth over the past three years and has expanded its operations and product portfolio. Looking at the growth prospect and at given P/E one can **APPLY** for the IPO.



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