



## **A) delaPlex Limited IPO Overview:**

delaPlex Limited is a leading technology and software development solutions provider, empowering client companies to achieve growth, revenue, and marketplace value. With a global footprint, the company specializes in Supply Chain Consulting, Custom Software Development, Cloud Services, and Data Science.

Offering a diverse portfolio including software-defined data centers, integrated infrastructure, and AI solutions, delaPlex delivers next-gen solutions to address IT challenges. As a subsidiary of delaPlex INC., a U.S.-based enterprise, the company benefits from a robust corporate structure and strategic partnerships.

## **B) Overview of the Indian IT Industry:**

Amidst global economic challenges, the Indian IT industry faces uncertainty but anticipates growth. Despite a slowdown marked by recession, trade wars, and geopolitical tensions, leading IT companies project resilience. India's IT industry is poised to generate \$245 billion in revenue in FY23, with an 8.4% year-on-year growth, aiming to reach \$500 billion by 2025, according to NASSCOM's Strategic Review 2023.

While major players like TCS, Wipro, HCL Tech, and Infosys report varying growth figures, there's acknowledgment of an uncertain demand environment. TCS, for instance, experienced the slowest sequential growth in 12 quarters. Infosys cut its annual revenue guidance, citing cutbacks in client sectors, leading to a decline in headcounts.

## **1. Challenges Faced by the IT Industry**

The industry grapples with multifaceted challenges, including a skills gap, cybersecurity threats, the transition to remote work, infrastructure costs, and risks associated with outsourcing. The shortage of skilled IT workers, particularly in specialized areas like cloud computing and cybersecurity, poses hurdles for organizations.

## **2. Industries Driving IT Spending**

Certain sectors, such as finance, healthcare, retail, education, logistics, agriculture, and manufacturing, are set to increase their IT spending. The rise of fintech solutions, digital innovations in healthcare, booming ed-tech, and the transformation of manufacturing processes through Industry 4.0 contribute to this trend.

## **3. Future Outlook and Initiatives**

Despite challenges, the long-term outlook for the Indian IT industry remains positive. The sector is adapting to advanced technologies like cloud computing, AI, and IoT. Government initiatives like the National e-Governance Plan, Digital India, and National Cyber Security Policy support technological development.

However, the industry may face difficulties such as a skill gap, evolving technologies, rising manpower costs, and heightened international competition. Continuous skill enhancement and adaptation are emphasized for sustained success and growth in the dynamic IT services landscape.

## **C) Overview of the Indian Service Industry:**

### **1. Dominant Force in GDP**

The services sector stands as the backbone of India's GDP, contributing 53% to Gross Value Added in FY22. Covering diverse activities such as trade, finance, hospitality, and IT, it has attracted significant foreign investment, facilitated exports, and created substantial employment opportunities.

### **2. Government Initiatives for Expansion**

In pursuit of a multi-fold GDP expansion and a larger share in the global services market, the Indian government is actively fostering an environment conducive to service sector growth. Initiatives like Smart Cities, Clean India, and Digital India underline a commitment to enhancing commercial service exports.

### **3. Exports Surge**

Services exports are projected to reach a record US\$ 322.72 billion in FY23, with a compound annual growth rate of 26.79%. The sector's trade surplus is expected to rise to US\$ 144.78 billion, emphasizing its prowess in the global market.

### **4. Key Sectors and Investments**

The services sector has witnessed robust growth in areas like IT, fintech, and broadband connectivity. With over 2,000 recognized fintech startups and significant FDI inflows, this sector is positioned as a magnet for global investments.

## **5. Government Support and Policies**

The government recognizes the critical role of the services sector and extends incentives across healthcare, tourism, education, and more. Initiatives like the 'Action Plan for Champion Sectors in Services' focus on propelling identified sectors forward.

### **D) Overview of the Indian Software Industry:**

#### **1. Evolution and Government Support**

The software industry in India has emerged as a cornerstone within the broader IT sector, contributing significantly to the country's socio-economic development. Starting with modest beginnings, the sector gained momentum in the 1990s, driven by strong government support, a well-educated English-speaking workforce, cost advantages, and an open market post-economic liberalization.

#### **2. Offshoring Hub and Global Recognition**

India has become a global offshoring hub, providing IT-enabled business processes, application services, and infrastructure solutions. Initially focused on software services for foreign clients, the sector evolved post-2000, attracting multinational companies to set up IT, BPM, and R&D facilities. Today, it offers end-to-end products and manages complex IT systems for global enterprises.

#### **3. Recent Developments and Outlook**

With ongoing government support and advancements in digital and educational infrastructure, India's software sector is positioned to lead technological innovations. In FY23, the computer hardware and software sector attracted the highest foreign direct investments, surpassing all other sectors. The sector's growth is fueled by a collaborative ecosystem involving the government, local and international enterprises, and startups.

## 4. Financial Indicators

- **FDI Inflows:** In FY23, the computer hardware and software sector received over 9 billion U.S. dollars in foreign direct investments.
- **Revenue Trends:** In 2022, the software industry's revenue reached 7.3 billion U.S. dollars, with enterprise software leading at 1.5 billion dollars. The software products sector is expected to grow to 14.4 billion dollars by 2028.
- **Market Size:** The software market in India was valued at around 8 billion U.S. dollars in 2023, with enterprise software generating the highest revenue at 3 billion U.S. dollars.

## 5. Applications Sector and Market Dynamics

Key software segments driving revenue include engineering applications, collaborative applications, customer relationship management applications, enterprise resource management applications, and content workflow and management applications. Despite challenges from the pandemic, it prompted enterprises to reassess IT strategies, driving steps towards digital business models.

## 6. Future Growth Trajectory

India's software industry is poised for continued growth, with expectations of reaching 14 billion dollars by 2028. The sector's robust evolution, fueled by technological advancements and a collaborative ecosystem, positions India as a global force in software development and innovation.

## E) delaPlex Limited Detailed IPO Analysis

delaPlex Limited is a global technology and software development solution provider, subsidiary of delaPlex INC., a U.S.-based enterprise with the holding 51% of the company's shares.

Specializing in Supply Chain Consulting, Custom Software Development, Cloud Services, and Data Science. Further they offer various other services like software-defined data centers, integrated infrastructure, cloud technologies, DevOps, security solutions, data analytics, and artificial intelligence.

The company is committed to assisting client companies in achieving growth, revenue, and marketplace value through innovative and tailored technology solutions.

## **F) IPO Details**

- **Open Date:** Jan 25 2024
- **Close Date:** Jan 30 2024
- **Total Shares:** 2,400,000
- **Face Value:** ₹ 10 Per Equity Share
- **Issue Size:** ₹ 46.08 Cr
- **Lot Size:** 600 Shares
- **Issue Price:** ₹ 186 - 192 Per Equity Share
- **Listing At:** NSE
- **Listing Date:** Feb 01 2024

## **G) Objects of the IPO**

Company is going to raise ₹ 46.08 Cr from the IPO and proposes to utilize the Net Proceeds from the Fresh Offer towards funding the following objects:

1. Advertisement, Sales and Marketing expenses towards enhancing the awareness - ₹ 4.16 Cr
2. Funding of capital expenditure requirements for company towards purchase of office equipment - ₹ 65 Lakhs
3. Funding working capital requirements for company - ₹ 13.34 Cr
4. General corporate purposes and unidentified inorganic acquisition - **To be determined later**

## **H) Core Offerings**

**1. Supply Chain Transformation:** Their primary objective is shaping the future of supply chains by understanding the impact of IT and digital transformation. They help clients in identifying business opportunities, developing roadmaps, forecasting sales, risk factor analysis, and deploying groundbreaking solutions.

**2. Consultation and Software Solutions:** They offer comprehensive consulting and software solutions leveraging industry knowledge, innovative approaches, advanced analytics, and leading-edge technologies with strong focus on tech innovation and understanding the evolving supply chain landscape to ensure enhanced efficiency, cost-effectiveness, and operational excellence.

**3. Global Client Base:** They work closely with a diverse range of clients globally, including global brands and companies and collaborate with service and technology providers to create a dynamic ecosystem with centers of excellence (CoEs).

## **I) Why Supply Chain Transformation Matters**

**1. Boost Efficiency:** Streamlining, automating, and optimizing operations to reduce bottlenecks, delays, and errors.

**2. Improve Quality Control:** Enhanced visibility and control over each cycle, product, and compliance to minimize defects and negligence.

**3. Customer Satisfaction:** Efficient operations and improved quality control lead to prompt and accurate delivery, enhancing customer experience.

**4. Sustainability:** Designing environmentally friendly supply chains to meet sustainability goals.

**5. Risk Mitigation:** Better visibility, market intelligence, and data analytics to manage disruptions and gain a competitive advantage.

## **J) Company's Role in Supply Chain Transformation**

**1. End-to-End Solutions:** As an integrated omni-channel supply chain consulting and software solutions provider, they assist businesses worldwide in optimizing their supply chains. Their focus is on automation, IT initiatives, digital tools, and value driven approaches, ensuring clients in meeting their unique demands quickly and efficiently.

**2. Diversified Customer Base:** Serving industries such as Broadcasting, Petroleum, Retail, 3PL, WFM, QSRs, Hospitality, IT & ITES, and Telecom to mitigate sector fluctuations and industry concentration risks.

**3. Global Presence:** Operating mainly in international markets, with a customer base spread across the globe, primarily in the United States of America.

## **K) Business Model**

**1. Investing in Future Technologies:** Engages in strategic investments and business partnership agreements to access technologies and solutions globally.



**2. Strategic Investments:** Makes strategic investments in select companies working on deep tech technology solutions.

**3. Business Partnership Agreements:** Identifies joint go-to-market strategies with solution providers to enhance technology adoption and innovation projects.

## **L) Promoters and Management**

**1. Promoters:** Individually promoted by Mr. Nitin Sachdeva ( Founder of delaPlex ), Mr. Manish Sachdeva, Ms. Preeti N Sachdeva, and Mr. Mark T River.

**2. Experience:** Promoters and management bring extensive experience in finance, consulting, technology, and software industries.

**3. Leadership:** Promoters oversee business operations, strategic growth initiatives, and expansion plans.

**4. Management Team:** Comprises a dedicated senior management team with years of industry experience to execute business strategies and drive growth.

## **M) Services offered by delaPlex**

**1. Development Services:** They offer a full range of custom software development services. Whether you need specific resources for a project or a fully dedicated team to manage all ongoing IT needs, they work with clients to provide customized solutions like Product development, Quality assurance, DevOps, Code rescue, and technology consulting.

**2. Supply Chain - Center of Excellence (COE):** They revamp supply chain technology, making business solutions more responsive, accurate, and tailored for a competitive edge.

Combining consulting expertise, strategic alliances with SCM software suppliers, and custom software development, they optimize all supply chain activities. Their technology architects and developers support critical processes and systems, providing intelligent solutions for internal disruptions.

**They perform key activities like:**

- Identifying gaps to improve business efficiency.
- Reducing workload requirements and turnaround time.
- Using mobility strategically for a more competent workforce.
- Employing higher-order digital technologies like AI, ML, and IoT.

And provides services like Warehouse Management System Support, Workforce Management (WFM) Systems Support and Store Inventory Management (ESO)

**3. Cloud Services:** They are a full-stack cloud service provider across all domains, delivering through their Cloud Services team. Using third-party cloud servers, they provide consultation, migration solutions, innovative cloud engineering practices, cost-efficient optimization, and solid infrastructure management.

**4. Data Science:** They offer a complete suite of data science services to help you unleash process improvements, anticipate customer sentiments and forecast market changes faster. Leveraging advanced analytics, data science technologies and AI techniques, they work with your data to answer your most difficult questions and generate genuine outcomes for your business.

**N) Companies Competitive Strengths**

**1. Software Products and Solutions for Supply Chain Management:**

- End-to-end integrated omni-channel supply chain solutions provider.
- Focus on automation, IT initiatives, digital tools, and value-driven approaches.

- Strategic collaborations and acquisitions to expand offerings.
- Aligning supply chain strategies with clients' business objectives for an efficient network ecosystem.
- Transformation of supply chain management with a modernized solution for a competitive edge.
- Optimization of networks, minimization of inefficiencies, real-time analytics, and enhanced visibility.

## **2. Tailored Tech Solutions:**

- Specialization in designing customized software solutions.
- Crafting solutions to address unique client requirements.
- Beyond surface-level challenge addressing, optimization of operations for enhanced efficiency.

## **3. International Market Presence:**

- Catering mainly to international markets, with a significant customer base in the United States of America.
- Presence in international markets through foreign holding companies like delaPlex INC and Xperity LLC.

## **4. Diverse Service Portfolio:**

- Offering software development and API-enabled applications.
- Rapid development of powerful technology applications addressing strategic business needs.

## **5. Experience of Promoters and Senior Management:**

- Individually promoted by Mr. Nitin Sachdeva, Mr. Manish Sachdeva, Ms. Preeti N Sachdeva, and Mr. Mark T River.

- Professional team of managerial persons with extensive experience in Finance, Consulting, Technology, and Software industries.
- Mr. Nitin Sachdeva's 20+ years of experience in consulting, innovation, and project management.

## **O) Risks Factors For The Company**

### **1. Customer Dependency Risk:**

The company relies significantly on a few customers, lack of long-term commitments from customers poses a potential threat to business continuity.

### **2. Geographic Revenue Concentration:**

The majority of the company's revenues are derived from customers in the United States and economic downturns or adverse conditions in the United States could significantly impact business, financial condition, and operational results.

### **3. Dependence on Third-Party Cloud Services:**

The company depends on a third party for cloud services. Ineffective management of this relationship or agreement could lead to financial, legal, reputational, and operational risks.

### **4. Currency Fluctuation Risk:**

Fluctuations in international currency exchange rates may impact the company's revenue, any kind of currency volatility poses a risk to financial stability and operational outcomes.

## **5. Technology Evolution Risk:**

Failure to anticipate and develop new services or enhance existing ones to align with technological changes poses a threat for the company and Inability to keep pace with rapid technological advancements may lead to diminished competitiveness.

## **P) Company Strategies**

### **1. Strategic Acquisition and Alliances:**

- Explore and evaluate strategic acquisition opportunities.
- Form technology alliances to gain access to new clients and sectors.
- Invest in future technologies through business partnership agreements.

### **2. Expansion of Existing Service Portfolio:**

- Focus on establishing a strong foothold in the US market.
- Widen international presence and entered new geographies for software services.
- Increase the breadth of software products and services beyond supply chain management.

### **3. Customer-Centric Services and Offerings:**

- Expand software solutions to cover various business functions.
- Develop new enterprise products for marketing, sales, and finance.
- Create customized solutions based on customer needs.

### **4. Maintain Good Customer Relationships:**

- Regular interaction with clients to understand their requirements.
- Choose appropriate media sources for effective marketing.
- Attract new customers and encourage recurring business.

## 5. Brand Image:

- Associate with corporate and quality customers.
- Provide services to the utmost satisfaction of customers.

## Q) Revenue Bifurcation Analysis (FY 2020-21 to FY 2022-23, Excluding 6M FY24)

(₹ in lakhs except percentage % data)

Particulars*	30.09.2023		FY 2022-23		FY 2021-2022		FY 2020-21	
	Amt. ₹	%	Amt. ₹	%	Amt. ₹	%	Amt. ₹	%
Supply Chain COE	1,007.67	36%	2,112.66	39%	1,329.15	27%	656.38	18%
Development Service	520.43	19%	956.96	18%	2,060.88	41%	2,305.28	64%
Cloud Services	642.37	23%	1,303.13	24%	901.85	18%	366.95	10%
Data Science	615.37	22%	1,027.71	19%	682.48	14%	293.78	8%
<b>Grand Total</b>	<b>2,785.84</b>	<b>100%</b>	<b>5,400.46</b>	<b>100%</b>	<b>4,974.37</b>	<b>100%</b>	<b>3,622.38</b>	<b>100%</b>

### 1. Supply Chain COE:

- Consistent growth from ₹656.38 lakhs in FY 2020-21 to ₹2,112.66 lakhs in FY 2022-23.
- Percentage contribution increased from 18% to 39%, showcasing strategic focus and importance in the company's revenue mix.

### 2. Development Services:

- Witnessed fluctuations with a peak at ₹2,305.28 lakhs in FY 2020-21, followed by a decline to ₹956.96 lakhs in FY 2022-23.
- Percentage contribution to total revenue decreased from 64% in FY 2020-21 to 18% in FY 2022-23, indicating a shift in revenue distribution.

### 3. Cloud Services:

- Showed growth over the analyzed period, reaching ₹1,303.13 lakhs in FY 2022-23 from ₹366.95 lakhs in FY 2020-21
- Percentage contribution increased from 8% to 19%

#### **4. Data Science:**

- Demonstrated consistent growth, from ₹293.78 lakhs in FY 2020-21 to ₹1027.71 lakhs in FY 2022-23.
- The percentage contribution to total revenue increased from 8% to 19%, emphasizing the growing significance of data science services.

#### **Overall Observations:**

- The company strategically diversified revenue streams, notably emphasizing Supply Chain COE and Data Science.
- Development Services, while dominant in FY 2020-21, experienced fluctuations in subsequent years.
- Cloud Services maintained a steady contribution, indicating a stable market presence.
- The growth in Data Science highlights strategic emphasis on analytics and data-driven solutions.

## R) Financials *(All particulars in lakhs)*

Particulars ( In Lakhs )	2021	2022	2023	6M-FY24
Revenue from Operations	3,622	4,974	5,400	2,786
Other Income	11	60	121	28
Total Revenue	3,633	5,034	5,522	2,814
Purchase of Stock-in-trade	0	47	12	0
Employees Benefit Expenses	2,689	3,683	3,871	1,868
Other Expenses	362	442	530	356
EBITDA	582	862	1,109	591
Depreciation & Amortisation	67	61	48	14
EBIT	515	802	1,061	576
OPM (%)	16.02%	17.13%	20.08%	20.98%
PBT	515	802	1061	576
Tax	111	190	270	151
PAT	404	612	791	426
NPM (%)	11.12%	12.15%	14.32%	15.12%
No.of Shares	91.10	91.10	91.10	91.10
EPS	4.43	6.71	8.67	4.67

## S) Peers Analysis *(All the data is as per FY23)*

Name of the Company	Revenue (In Crore)	PAT (In Crore)	EPS ( In Rs)	P/E	CMP	Mcap (In Crore)
Delaplex Limited	54	8	8.67	22.1	192	175
Ksolves India Limited	77	25	20.98	50.7	1,360	1,613
Micropro Software Solutions Limited	22	6	N/A	13.6	56.4	81
Sigma Solve Limited	55	15	9.63	37.3	485	498



## **T) Valuation:**

**After annualizing 2023-24, representing 6M FY24 data:**

*Particulars ( In Cr )*

**Revenue:** ₹55.72

**PAT:** ₹8.52

**EPS:** 9.36

**P/E:** 20.51

**Market Cap:** ₹174.72

**Review:** The company is a subsidiary of a US firm, with 83% of its revenue originating from its holding company (delaPlex INC) and a group entity, Xperity LLC. Due to related party transactions, there is a concern that the company may not be operating on an arm's length basis, leading to challenges such as high trade receivables standing at 132 days. This extended payment period makes it more challenging for the company to receive payments from clients, prompting the need to raise funds for working capital.