

IPO Details

Opening Date	Oct 31, 2022
Closing Date	Nov 02, 2022
Stock Exchange	NSE SME
Lot Size	2000 Shares
Issue Price	₹59 per share
Issue Size	21,60,000 Equity Shares
Application Amount	₹ 1,18,000

IPO Objective

Meet Working Capital Requirement
General Corporate Expenses
To meet issue expenses

Pre-Issue Shareholding

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	49,76,342	98.61%
Public	70,168	1.39%

Promoter of the Company

1	Mr. Tarang Goyal
2	Mrs. Sandeep Kaur Goyal

Competitive Strengths

1	Diversified client base
2	Scalable business model with Pan-India presence
3	Quality Assurance and Customer Satisfaction
4	Experienced management supported by quality human capital
5	Deliver impeccable HR-solutions along with optimal costing

Company Background

- Company was incorporated in 2004 in the state of Maharashtra.
- The Company is engaged in the business of delivering integrated Human Resource solutions under the three broad categories of Raising, Leasing and Management for various industries and diverse functional roles for both, Information Technology ("IT") and non-IT companies.
- Company has over 11 branch offices for sourcing and recruitment in 128 cities with more than 6,000 Associates deployed as on March 31, 2022.
- The main revenue of the company is from the Engineering and IT Sector.
- Company had 169 employees as on 31st March, 2022

Financial Summary

For the Period Ended	(In Lacs)		
	Mar-22	Mar-21	Mar-20
Total Assets	5,303.34	4,670.41	4,546.67
Net Assets	1,717.27	1,316.40	1,125.70
Total Borrowings	2,845.18	2,487.07	2,387.17
Total Revenue	16,992.09	13,864.10	16,929.97
Profit After Tax	400.86	190.70	311.08



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

Company was formed in the year 2004 and is engaged in the business of delivering integrated Human Resource solutions under the three broad categories of Raising, Leasing and Management for various industries and diverse functional roles for both, Information Technology (“IT”) and non-IT companies. Company has over 11 branch offices for sourcing and recruitment in 128 cities with more than 6,000 Associates deployed as on March 31, 2022.

Analysis

The company has been incorporated in the year 2004 and is indulged in the business of providing Human Resource services to its clients. The company basically provides anything and everything relating to Human Resource Services. The company has defined its range of services as mentioned below –

RAISING	LEASING	MANAGEMENT
<ul style="list-style-type: none"> • Executive Search (IPSEx) • Recruitment process Outsourcing (IPSRPO) • IT Staffing (IPSTECH) 	<ul style="list-style-type: none"> • Flexi Staffing (IPSFSS) • Staffing for Infrastructure Domain (IPS INFRA) • Staffing in Oil & Energy sector (IPSO&En) • Staffing in Hospitality industry (IPSPMHS) • Staffing & Management in Telecommunications (IPSTEL) • Sales Staffing Services (IPS3S) 	<ul style="list-style-type: none"> • Payroll & Compliance Management (Internal & External)(IPSPOS) • Training & Development of resources/ performance management/ HR policy implementation (IPS HR Accelerator)

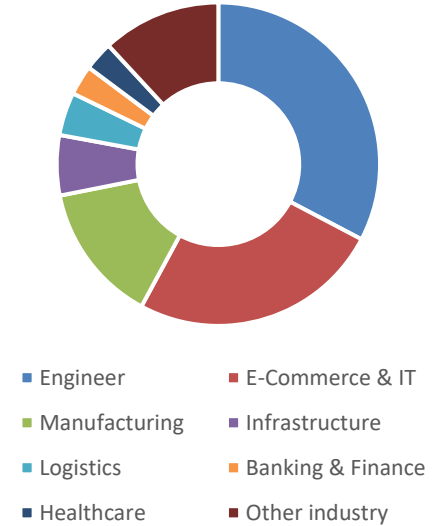
The company has been offering a wide range of services right from Recruiting to providing various managerial services like payroll, compliance and training. Company has most of its services run through its digital platform and strives to use the technological innovation for further business expansion.

The company had 11 branch offices for sourcing and recruitment in 128 cities with more than 6,000 Associates deployed as on March 31, 2022.

The company has been mainly catering its services to the Engineering Industry followed by E-Commerce & IT and Manufacturing.

Below table provides a brief summary on the major industries the company has generated its revenue from for the last 3 years -

Industry	For the year ended March 31, 2022		For the year ended March 31, 2021		For the year ended March 31, 2020	
	(₹ in lacs)	(%)	(₹ in lacs)	(%)	(₹ in lacs)	(%)
Engineer	55.41	32.69	54.68	39.51	48.40	28.64
E-Commerce & IT	42.72	25.2	37.86	27.35	47.11	27.87
Manufacturing	23.72	13.99	14.69	10.62	11.12	6.58
Infrastructure	10.21	6.02	3.32	2.4	31.16	18.43
Logistics	7.30	4.31	5.48	3.96	3.77	2.23
Banking & Finance	5.08	2.99	4.34	3.14	4.34	2.57
Healthcare	4.94	2.91	3.95	2.86	3.30	1.95
Other industry	20.14	11.89	14.08	10.16	19.83	11.73
Total	169.51	100	138.39	100	169.03	100



From the table it can be seen that the company has been increasing its revenue from manufacturing industry. The revenue has shown a dip in FY 21 due to the pandemic but has revived back to the levels of FY 20 in FY 22. The revenue growth has not been promising but the company has been able to increase its bottom line margin.

To conclude, the company seems to be a one-stop destination for most of the Human Resource related works and has good numbers in the top line (although not grown in past years). Every company in whatever industry requires Human Resources and the company has performed well for itself in a highly competitive market.

Industry Charts

Exhibit 1: Q-o-Q growth of headcount from March 20 to Q2-2022



Exhibit 2: Flexi-working increased from 8% in 2020 to 14% in 2021

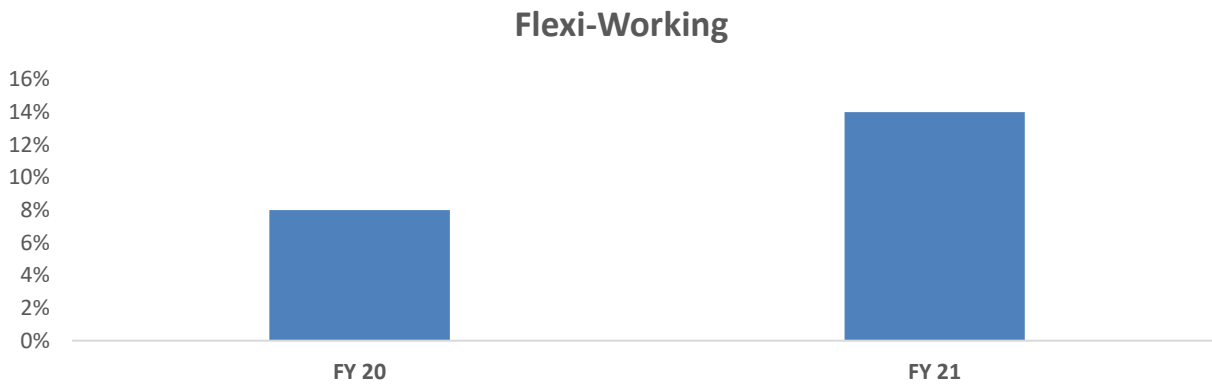
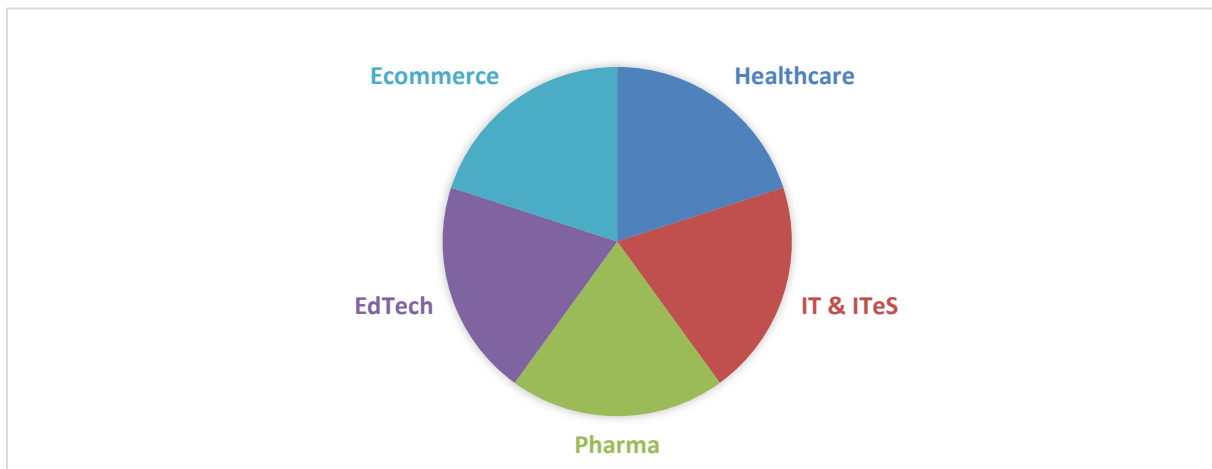


Exhibit 3: Healthcare, IT & ITeS, Pharma, EdTech, and Ecommerce are the top five sectors



(Source: ibef.org, indianstaffingfederation.org)

Investment Overview

Staffing Industry

It is observed that despite COVID-19's horrible impact on business around the world. The organized staffing business in India has continued to expand at a rapid pace. According to a survey, the Indian staffing business grew by 3.6% in fiscal year 2020-21, owing to a comeback in the fourth quarter of the previous fiscal year.

According to the report, post-pandemic flexi-employment market trends and it has influenced women, young, and high-skilled employees in a good way. It is also noted that regardless the pandemic situation, temporary staffing grew in IT, E-commerce, Logistics and Manufacturing sectors.

Flexi Staffing is growing trend in an Indian job economy. Around 72% of Flexi workers want to keep working as same, and 85% of Flexi workers are happy with their current situation.

The term "flexi staffing" describes a situation in which a corporation hires workers on a temporary basis, either for a long-specified period of time or until the task is completed. These employees could be via employment agencies or referrals on a contract basis. These type of services helps to hire people when the company is out of staff. If a company doesn't have enough employees, they can look for a new permanent employee, but they can also use flexible staffing services in which they can hire independent contractors, part-time employees, or temporary worker

According to the Flexi Staffing Employment Research Report "Annual Flexi Staffing Employment Trends: 2021," there was a 31% growth in Flexi work in India in 2021 relative to other types of employment. As the new WFH and hybrid modes gain mainstream popularity. Flexi employee's willingness for continuing to work in a temp arrangement has increased significantly in comparison to past years, the rate of flexi workers has increased from 8% in 2020 to 14% in 2021.

Women's engagement in temp staffing increased by 6% under Covid, while men's participation decreased by 4%, owing to the new work arrangement allowing the majority of women to come back to work while also exploring a second career. Last year, the majority of flexi staffing options shifted from outdoor sales to critical delivery services.

(Source: ibef.org)

Addressable Market for Integrated Personnel Services Limited

Company has its branch offices at 11 places in India and has been serving 238 cities. In the coming times the company plans to spread its geographical presence in other areas of India as well along with providing quality services to its existing clients.

Competition

Company operates in a highly competitive environment. The Human Resource service provider industry is filled with numerous small and big players making the industry highly fragmented. There are few barriers to entry and the existing competitive scenario makes the bargaining power of the customers too high.

Peer Analysis

As Mentioned in the prospectus, the company has only 2 listed peers viz. Aarvi Encon Limited and ANI Integrated Services Limited -

Company	Integrated Personnel Services	Aarvi Encon Limited	ANI Integrated Services Limited
Net Profit (INR Cr)	1.91	12.07	5.18
EBITDA (INR Cr)	5.42	13.9	7.7
Return on Capital Employed	24.67%	13.33%	16.06%
Return on Equity	14.49%	12.75%	11.77%
EPS (INR)	4.14	8.33	5.64
P/E* (Times)	14.24	18.34	9.93

#EPS on post IPO basis

***As on 21/10/2022**

Promoters' Profile and Management Analysis

Mr. Tarang Raghuvir Goyal



- **Mr. Tarang Raghuvir Goyal** is the Promoter and Managing Director of the Company.
- He is an associate member of Institute of Chartered Accountants of India (ICAI).
- He has been associated with the company since 2007.
- He was previously associated with Kwality Frozen Foods Pvt. Ltd. as financial controller

Mrs. Sandeep Kaur Goyal



- **Mrs. Sandeep Kaur Goyal** is the Promoter and Executive Director of the company.
- She is a Bachelor in Science (Microbiology) graduate from Mumbai university and has done Diploma Programme on Business Growth through total Quality Management from Narsee Monjee Institute of Management Studies (NMIMS) and Post Graduate Diploma in Quality Assurance in Food & Pharmaceuticals' Industry from Sophia College, Bombay.
- She heads the entire recruitment division and internal operations of the company and holds more than 10 years of professional experience.

Analysis on the Company's Promoter and Board of Directors

Mr. Raghuvir Prasad Goyal, aged 75 years, is Non-Executive Director and Chairman of the Company. He is a Bachelor of Engineering graduate in Electrical Branch from Birla Institute of Technology and Science. He last served as senior managerial personnel in Jaipur Vidyut Vitran Nigam Limited. He served at various positions for last 35 years in Rajasthan State Electricity Board ("RSEB"). At IPS Group, the complete administration of the business activities is managed under his guidance.

Mr. Tarang Raghuvir Goyal, aged 47 years, is the Promoter and Managing Director of the Company. He has been associated with the Company since the year 2007. He is an associate member of Institute of Chartered Accountants of India (ICAI). He was previously associated with Kwality Frozen Foods Pvt. Ltd. as financial controller. As the Managing Director of IPSL he is responsible for Strategic Management activities.

Mrs. Sandeep Kaur Goyal, aged 42 years, is the Promoter and Executive Director of the Company. She has been associated with the Company since incorporation. She is a Bachelor in Science (Microbiology) graduate from Mumbai university and has done Diploma Programme on Business Growth through total Quality Management from Narsee Monjee Institute of Management Studies (NMIMS) and Post Graduate Diploma in Quality Assurance in Food & Pharmaceuticals' Industry from Sophia College, Bombay. She heads the entire recruitment division and internal operations of the company and holds more than 10 years of professional experience. She is responsible for the planning and development department of the company.

To conclude, the company's management is well educated and has good experience. The education background might not be accurately relevant, but their experience and qualification seems to outperform the same. The independent directors of the company also have good experience and educational qualification and could be a great driving force for the company.

Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2022
Profit and Loss			
Revenue from operation	16,902.68	13,839.16	16,950.65
Other income	27.30	24.94	41.44
Total Revenue	16,929.98	13,864.10	16,992.09
Expenses	16,347.53	13,321.61	16,274.13
Depreciation and Amortisation Cost	25.42	28.64	22.25
Finance Cost	234.03	299.62	295.04
Total Expenses	16,606.98	13,649.87	16,591.42
PBT	323.00	214.23	400.67
PBT Margin	1.91%	1.55%	2.36%
EBITDA	582.45	542.49	717.96
EBITDA Margin	3.45%	3.92%	4.24%
Net Profit	311.08	190.70	400.86
Net Profit Margin	1.84%	1.38%	2.36%
Balance Sheet			
Total Borrowings	2,387.18	2,487.07	2,845.17
Net Worth	1,125.70	1,316.40	1,717.27
Fixed Assets	656.68	655.66	691.65
Net Working Capital	613.63	961.75	1,257.38
Financial Measures			
Inventory Turnover Ratio	-	-	-
Receivables Turnover Ratio	5.82	4.73	5.09
Payables Turnover Ratio	16.02	20.55	7.65
Fixed Assets Turnover Ratio	25.74	21.11	24.51
Return on Capital Employed	31.90%	24.67%	26.89%
Return on Equity	27.63%	14.49%	23.34%
Debt-Equity Ratio	2.12	1.89	1.66

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

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

The EBITDA of the company has grown from Rs. 582.45 lacs in 2020 to Rs. 717.96 lacs in 2022 growing at a CAGR of 11.03% which seems to be quite sustainable over time. The EBITDA margin was 3.45% in 2020, 3.92% in 2021 and 4.24% in 2022 showing a good and stable growth.

Net Profit

The net profit of the company has grown from Rs. 311.08 lacs in 2020 to Rs. 400.86 lacs in 2022 growing at a CAGR of 13.52%. The net profit margin in 2020 was 1.84%, 1.38% in 2021 and 2.36% in 2022. The net profit margin saw a slight dip in the year 2021 but thereafter has again bounced back more than the pre-covid levels.

Finance Cost.

The company has incurred finance cost mainly on the long term and short term loans availed from Banks and NBFCs.

Financial Measures/Ratios

RoCE of the company was 31.90% in 2020, 24.67% in 2021 and 26.89% in 2022. The company has been increasing its capital employed with increase in its long-term borrowings. The RoCE in the year 2021 saw a dip due to increase in long-term borrowings and decrease in EBIT in absolute terms. With increase in further capital through IPO, the RoCE is expected to remain at the same level assuming increase in operating profits and repayment of long-term loans.

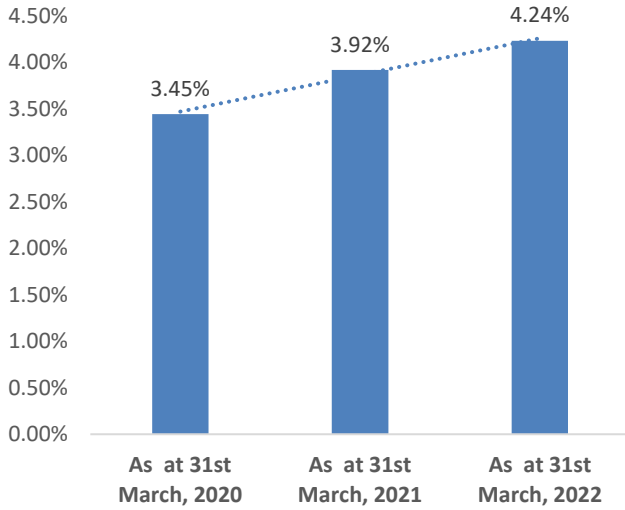
ROE of the company was 27.63% in 2020, 14.49% in 2021 and 23.34% in 2022. The analysis and expectation of ROE can be set forth as that of RoCE.

Regarding the Receivables and Payables, the day of receivables has been around 70 days but the days of payables has shot up from 17.76 days in 2021 to 47.72 days in 2022.

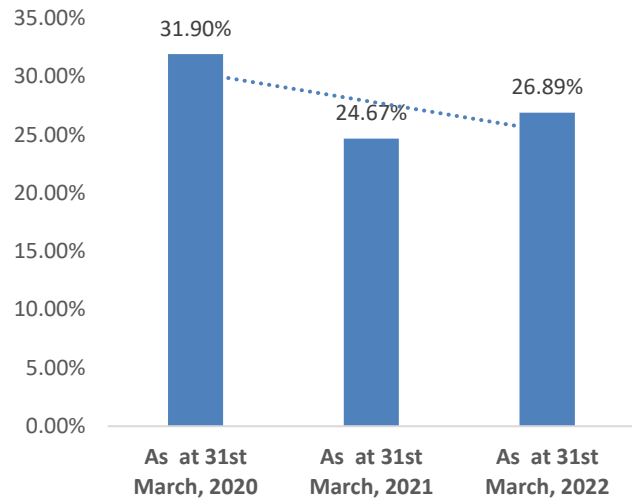
The company has a debt-equity ratio of 1.66 times in FY 22. The company has been constantly increasing its borrowing over the recent periods. The company is significantly leveraged looking at its net worth.

Financial Charts

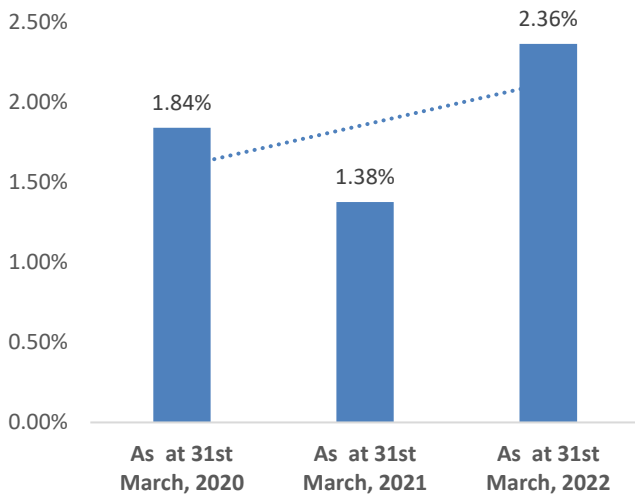
EBITDA Margin



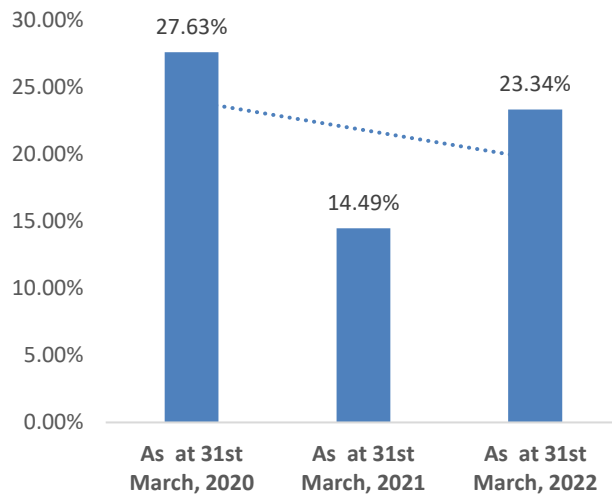
Return on Capital Employed



Net Profit Margin



Return on Equity



Key Risk Factors

1. Company and Group Company are involved in certain litigations including tax related litigations totalling to an amount of Rs. 59.17 lacs, which if determined against them, can affect financial conditions of the company.
2. As on 31st March 2022, company had a contingent liability of Rs. 132.69 lacs.
3. Company is exposed to the risk of changes relating or labour laws.

Track Record of Lead Manager

The lead manager to the issue is Unistone Capital Private Limited and this is the 5th mandate of the lead manager. A table has been set below highlighting the details of the IPO of some of the companies handled by the Lead Manager in recent times –

Company	Issue Size (In Cr)	Listing Date	IPO Price/share (INR)	CMP (INR) #
HP Adhesives Limited	125.96	Dec 27, 2021	274/-	405.75
Sigachi Industries Limited	125.43	Nov 15, 2021	163/-	258.85
Siddhika Coatings Limited	4.70	Apr 07, 2021	57/-	112.40
Likhitha Infrastructure Ltd	61.20	Oct 15, 2020	120/-	376.35

#CMP is taken as on 24th October 2022

Out of the last 4 listings, 3 opened at premium and 1 at discount.

Recommendation

The company was established in the year 2004 and is having an experience of nearly 2 decades. The industry in which the company is operating is highly fragmented and competitive.

Although the company's management is not having education in the relevant service line but seems to have a good experience in the industry in which the company operates.

Taking into consideration the figures of FY 22, the PE of the company on post IPO basis is around 14 times and the average PE of its peers is also 14 times. The company could have listed for a lower price looking at its size as compared to peers.

To conclude, the company has a very good track record of existence. The company is operating in a competitive environment and the revenue has been stagnant over these years, but the profit margins have been growing. It looks like a good investment, and one may apply with a long-term perspective in mind.

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.