



IPO Details	
Opening Date	Sept 25, 2023
Closing Date	Sept 27, 2023
Stock Exchange	BSE, NSE
Lot Size	50 Shares
Issue Price	₹ 280 to ₹ 300 per share
Issue Size	Aggregating up to 640.00 Cr.
Fresh Issue	Aggregating up to 400.00 Cr.
Offer for Sale	Aggregating up to 240.00 Cr.
Application Amount	Min. Inv. - ₹ 15,000 (50 shares) Max. Inv. - ₹ 1,95,000 (650 shares)

IPO Objective
Repayment and/or prepayment of certain borrowings.
Working Capital Requirements.
Pursuing inorganic initiatives.
General Corporate Purpose.

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	4,29,98,847	80.58%
Public	1,03,70,508	19.43%

Promoter of the Company	
1	Raghunandana Tangirala
2	Shanthi Tangirala
3	Tangi Facility Solutions Private Limited

Competitive Strengths	
1	Leading integrated business service platform, operating across diverse segments.
2	Long standing relationship with customers across diverse sectors leading to recurring business.
3	Track record of successful acquisition and integration of high margin business segments.
4	Pan India presence with large and efficient workforce.
5	Technology at the forefront of current and future business.
6	Experienced promoters and management.

Company Background
<ul style="list-style-type: none"> Updater Services Limited was originally incorporated in the year 2003 and has its registered office in Tamil Nadu. The Company is a leading, focused, and integrated business services platform in India. The company offers integrated facilities management ("IFM") services and business support services ("BSS"). The company has a widespread network consisting of 4,331 locations with 116 offices situated in India and 13 offices situated overseas. As of 30th June 2023, the Company has 65,627 employees on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 1,601	₹ 2,241

Financial Summary (In Lacs)			
For the Period Ended	Mar-21	Mar-22	Mar-23
Total Assets	57,949.40	87,456.60	1,21,694.70
Net Assets	28,526.30	34,042.70	38,089.30
Total Borrowings	1,161.0	5,867.90	17,653.80
Total Revenue	1,21,635.10	1,49,789.30	2,11,209.00
Profit After Tax	4,756.10	5,736.90	3,460.50

Tentative Timeline	
Opening Date	Sept 25, 2023
Closing Date	Sept 27, 2023
Basis of Allotment	Oct 04, 2023
Initiation of Refunds	Oct 05, 2023
Credit of Shares to Demat	Oct 06, 2023
Listing Date	Oct 09, 2023



Company Background and Analysis

The Company was originally incorporated in the year 2003. The company is a leading, focused, and integrated business services platform in India offering integrated facilities management (“IFM”) services and business support services (“BSS”) to the customers, with a pan-India presence. The company commenced operations as a housekeeping and catering services company.

Over the years, the company has evolved into an integrated business services platform with a pan India presence serving customers across industries and business service lines. The company has a widespread network consisting of 4,331 locations (excluding staffing locations) managed from 129 points of presence with 116 offices situated in India and 13 offices situated overseas, as of June 30, 2023.

The company operates in the Business-to-Business (“B2B”) services space offering a spectrum of business services, which are broadly classified into the two following segments:

1. IFM & Other Services – In this segment the services included are soft services, Production Support Services, Engineering Services, Washroom and Feminine Hygiene, Warehouse Management, General Staffing, Institutional Catering, and Others.
2. Business Support Services – In this segment the services included are Sales Enablement Services, Employee background verification services, Audit & Assurance services, Airport ground handling services, and Mailroom management & Niche Logistics solutions.

The company has also undertaken acquisition of various businesses over the years where the strategy has been to acquire and integrate businesses. The company has acquired an initial stake in Avon in the Financial Year ended March 31, 2007, Global Flight Handling in the Financial Year ended March 31, 2019, Matrix in the Financial Year ended March 31, 2020, Washroom Hygiene Concept in the Financial Year ended March 31, 2020, Denave in the Financial Year ended March 31, 2022, and Athena in the Financial Year ended March 31, 2023. Through these acquisitions, the company has added services such as employee background verification check services, Audit and Assurance, feminine hygiene care solutions, sales enablement services and airport ground handling services, amongst others, to the service portfolio.

Product-wise revenue break-up for the fiscal year ended 2021, 2022, and 2023 are given below-

(Amount in Lakhs)

Particulars	Fiscal 2021		Fiscal 2022		Fiscal 2023	
	Amount	%	Amount	%	Amount	%
Integrated Facility Management	1,12,201.50	90.44%	1,21,826.20	79.65%	1,53,673.70	71.52%
Business Support Services	11,861.30	9.56%	31,126.20	20.35%	61,208.60	28.48%
Total Segments	1,24,062.80	100.00%	1,52,952.40	100.00%	2,14,882.30	100.00%
Adjustments and Eliminations	-2,427.70		-3,163.10		-3,673.30	
Total	1,21,635.10	100.00%	1,49,789.30	100.00%	2,11,209.00	100.00%

To conclude, the company was originally incorporated in the year 2003. The company is a leading, focused, and integrated business services platform in India. The company has significantly increased its revenue generation from Business Support Services from FY 2022. The company is raising gross proceeds of Rs. 640 Cr.



Business Strategies

1. Retain, strengthen and grow customer base with a focus on deepening relationships with existing customers.

The company intends to further develop and implement technological and customer-oriented initiatives as they believe these will allow them to diversify the service offerings and exploit future growth opportunities. Company's asset management software tool "Inconn" which has recently been released on a test basis, will enable them to offer a new set of services to the customers and enhance their control over their assets.

2. Grow market share in key segments.

The Company seek to grow the business through the acquisition of new customers across industry segments such as commercial real estate, industrial facilities, warehousing, and public infrastructure such as airports, amongst others.

3. Introduce new products and services catering to existing and new customer segments.

The company intends to further grow the position in the market and towards this end and aims to introduce new products and services to fill gaps in the current portfolio or to enter new segments which they see as potentially large and margin accretive to.

4. Pursue inorganic growth through strategic acquisitions of high margin businesses supplemental to the operations.

The company intends to further explore inorganic expansion by leveraging on the experience that the company has gained through the prior acquisitions, with a particular focus on niche high-margin businesses.

5. Continue to improve operating margins.

The company intends to leverage the existing widespread network of offices to grow the service offerings to customers who has operations at multiple locations, across India. The company also intends to continue to expand the office network to drive greater and deeper penetration in the territories and markets in which the company operates.

Competitive Scenario and Peer Mapping

Competition

The market in which the company operates in is highly competitive with the presence of large number of domestic and a few international companies. The integrated facilities management market is highly fragmented. The barrier to entry in such sector is low. The bargaining power with the customers is high.



Peer Analysis

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

Particulars	Updater Services Limited	Ques Corp Limited	SIS Limited	TeamLease Services Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	1.65%	1.30%	3.05%	1.42%
EBITDA Margin	4.70%	3.43%	4.34%	1.55%
Return on Capital Employed	9.97%	9.36%	10.47%	7.84%
Return on Equity	9.09%	8.68%	14.83%	13.86%
EPS (INR)	6.77	15.14	23.77	65.12

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

Particulars	Updater Services Limited	Ques Corp Limited	SIS Limited	TeamLease Services Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	3.87%	1.83%	3.24%	0.60%
EBITDA Margin	5.68%	4.56%	4.95%	2.19%
Return on Capital Employed	13.71%	13.18%	13.12%	11.94%
Return on Equity	16.85%	10.30%	15.73%	5.63%
EPS (INR)	10.47	16.30	22.11	22.48

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

Particulars	Updater Services Limited	Ques Corp Limited	SIS Limited	TeamLease Services Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	3.93%	0.68%	4.02%	1.60%
EBITDA Margin	5.64%	4.14%	5.71%	1.99%
Return on Capital Employed	15.68%	7.15%	14.53%	8.25%
Return on Equity	16.67%	3.16%	20.04%	11.96%
EPS (INR)	8.53	3.92	24.64	45.33

Based on the above analysis, the company's profitability margins are almost at par when compared to its peer companies. EBITDA margin is slightly higher when compared to the peer companies for FY 2023. RoCE and ROE are relatively lower when compared to the peer companies and the EPS is lower when compared on an average basis for FY 2023.

Industry Overview

Exhibit 1: IFM Market: Breakdown by Service Types, India, Financial Year ended March 31, 2023

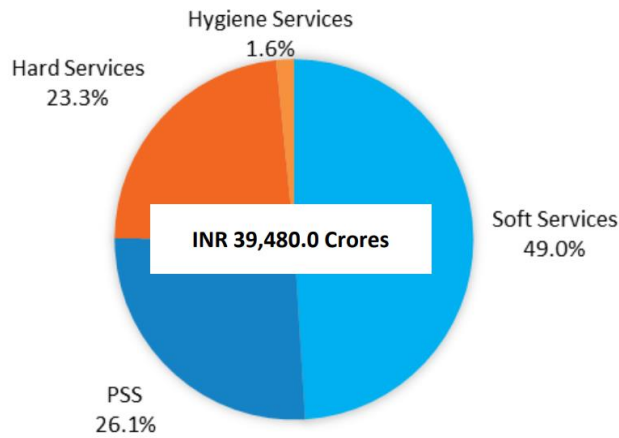


Exhibit 2: IFM Market Share Analysis, India, Financial Year ended March 31, 2023.

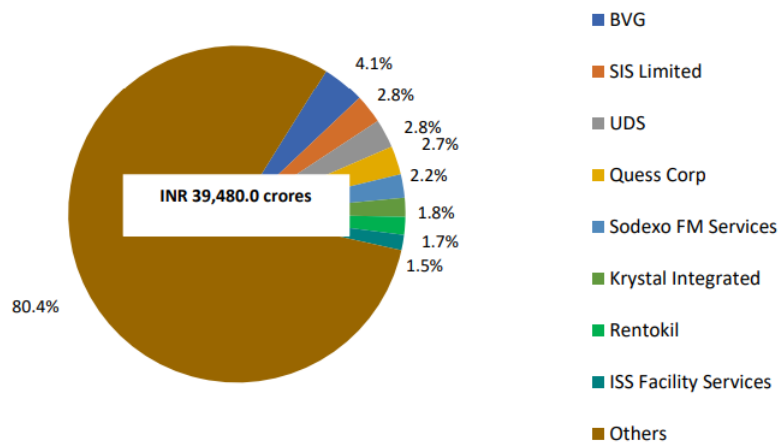
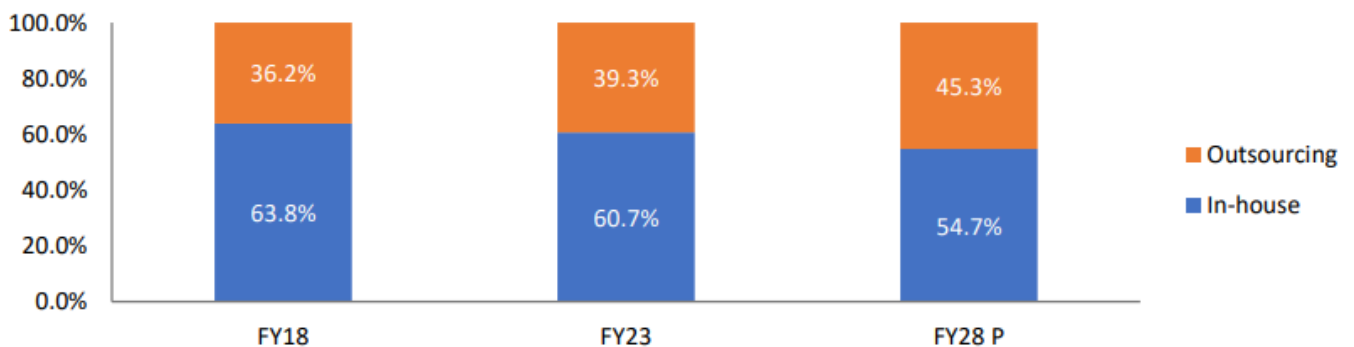


Exhibit 3: IFM Market: Outsourcing Trends, India, Financial Year ended March 31, 2018, Financial Year ended March 31, 2023, and Financial Year ended March 31, 2028.



(Source: prospectus)



Global Facility Management Market Overview -

The global Facility Management (FM) market is witnessing a major transformation driven by technology innovation, new business models, emerging value propositions, competitive disruption, and new service offerings as value propositions are shifting to service outcomes, user experience, and business productivity. Outsourcing is evolving rapidly across the world; in the past decade, the main objective of outsourcing was cost optimization but today organizations want to outsource FM services to free-up internal resources to deliver strategic value.

The global FM market recorded revenues of USD 890 billion in Calendar Year 2022, registering a growth of 7.5% from Calendar Year 2021. Asia is the largest FM market with a share of 32.6% of the total market followed by North America and Europe. Asia is the largest FM market and is highly diverse. While Australia, the most developed market in the region for both FM and IFM, has reached some degree of maturity, other markets, including China and India, are still in a stage of infancy and will grow steadily and become more competitive. The low penetration of FM services markets in many of Asia's fast-growing economies indicates that immense potential exists for market participants to grow and develop, as outsourcing becomes more commonplace in the next 10 years.

Indian IFM Market Analysis -

IFM market in India has been growing steadily over the last decade and is set to witness significant growth momentum over the next 5 years. The total IFM market in India in the Financial Year ended March 31, 2023 is valued at ₹ 100,386.7 crore and around 39.3% of this is outsourced to 3rd party companies. Between the Financial Year ended March 31, 2018 and the Financial Year ended March 31, 2023, the outsourced Indian IFM market grew at a CAGR of 9.5%. In the Financial Year ended March 31, 2023 the outsourced IFM market was estimated to be worth ₹ 39,480.0 crores.

The demand for IFM services has increased as people's preferences for a safe, clean, and secure environment have grown. The government's plan to develop 100 smart cities will result in a surge in infrastructure creation. The Union Budget for the Financial Year ended March 31, 2024 has proposed a total CAPEX outlay of ₹ 10 trillion, which is 33.0% increase year-on-year and 3.3% of the total GDP. Given the current expansion and increase in investments in IT, IteS and BFSI segments, the demand for professional IFM services are increasing, IT sector is shifting to more personalized/ customized services utilizing both Hard and Soft FM services. Investments in other segments such as healthcare and retail are also propelling the demand for IFM services.

The market is now shifting from single service contract model to integrated services model which is a method of consolidating many or all the office/ building's services under one contract and management team. The intent is to streamline communication and make day-to-day operations easier to manage while improving the building performance.

(Source: prospectus)



Key Managerial Personnel

Raghunandana Tangirala, aged 62, is one of the Promoters, Chairman, and Managing Director of the company. He holds a bachelor's degree in commerce. He has approximately 30 years of experience in the service sector as an entrepreneur. He focuses primarily on corporate governance, organizational development, capital allocation and strategic growth of the Company.

Shanthi Tangirala, aged 57, is one of the Promoters of the company. She has passed the pre degree certificate examination. She was associated with the company from incorporation till June 2022.

Amitabh Jaipuria, aged 57, is the Non-Executive Director of the company. He holds a bachelor's degree in science, and a post-graduate diploma in management.

Pondicherry Chidambaram Balasubramanian, aged 57, is the Executive Director (Whole-Time Director) of the company. He holds a bachelor's degree in commerce and is a member of Institute of Chartered Accountants of India. He focuses on group integration and growth initiatives.

Amit Choudhary, aged 45, is the Independent Director of the Company. He holds a bachelor's degree in commerce. He has passed the final examination held by the Institute of Chartered Accountants of India.

Sunil Rewachand Chandiramani, aged 54, is the Independent Director of the company. He holds a bachelor's degree in commerce, and an honours diploma in systems management.

Sangeeta Sumesh, aged 48, is the Independent Director of the company. She holds a bachelor's degree in commerce, is an associate member of the Institute of Chartered Accountants of India and has passed the final examination held by the Institute of Cost and Work Accountants of India.

Other Promoters –

Tangi Facility Solutions Private Limited – provide any service, including but not limited to facilities management, building maintenance, project management, logistics management, warehouse management, amongst others.

To conclude, the company has 3 promoters, out of which 2 of them are individual promoters and one of them has vast experience, and the other has decent experience in the fields in which the company operates. the remaining directors have good knowledge in the fields which 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	1,21,003.20	1,48,355.20	2,09,888.70	
Other Income	416.00	833.40	717.90	
Finance income	215.90	600.70	602.40	
Total Income	1,21,635.10	1,49,789.30	2,11,209.00	
Expenses				
Cost of material consumed	2,759.20	3,872.00	7,680.40	
Purchase of stock-in-trade	245.50	197.10	237.20	
Cost of Services	-	9,541.00	26,670.90	
Changes in inventories	156.10	-134.40	104.10	
Employee benefits expense	98,165.50	1,06,817.70	1,38,405.80	
Finance costs	297.10	506.80	1,456.70	
Depreciation and Amortization expense	1,498.60	1,653.40	3,704.00	
Impairment losses on financial instrument and contract assets	554.70	600.10	363.40	
Fair value changes in liability payable/paid to promoters of acquired subsidiary	387.50	2,134.80	4,136.30	
Other expenses	12,128.30	17,506.70	23,031.40	
Total Expenses	1,16,192.50	1,42,695.20	2,05,790.20	
Earnings Before Interest, Taxes, Depreciation & Amortization	6,822.30	8,420.90	9,861.60	
EBITDA Margin	6%	6%	5%	
Profit/(Loss) before tax	5,442.60	7,094.10	5,418.80	
Tax Expense				
Current Tax	1,534.30	2,094.80	2,275.50	
Adjustment of tax relating to earlier years	13.90	-129.80	95.50	
Deferred Tax charge / (credit)	-861.70	-607.80	-412.70	
Total Tax Expense	686.50	1,357.20	1,958.30	
Profit/(Loss) for the year	4,756.10	5,736.90	3,460.50	
Net Profit Margin	4%	4%	2%	

Balance Sheet		(In Lacs)		
Particulars	FY 21	FY 22	FY 23	
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	1,351.20	3,320.20	6,079.40	
Capital Work-in-progress	32.00	412.40	-	
Goodwill	4,570.30	12,802.80	19,479.00	
Other Intangible assets	1,201.60	3,112.50	6,360.60	
Intangible asset under development	-	-	22.70	
Right-of-use-assets	366.90	1,203.50	4,020.90	
Contract Assets	1,083.00	1,847.70	2,215.50	
Financial assets	-	-	-	
i) Investments	1.00	1.00	1.00	
ii) Loans	-	15.80	12.60	
iii) Other financial assets	1,391.20	3,072.70	2,738.80	
Deferred tax assets (net)	3,811.20	4,738.40	4,880.70	
Non-Current tax assets (net)	4,895.40	5,194.20	5,471.90	
Other non-current assets	89.30	1,207.80	236.50	
Total Non-Current assets	18,793.10	36,929.00	51,519.60	
Current Assets				
Inventories	501.40	632.60	698.60	
Contract Assets	3,317.30	5,609.20	6,681.80	
Investments	403.40	-	380.00	
Trade Receivables	26,893.80	34,748.50	42,772.80	



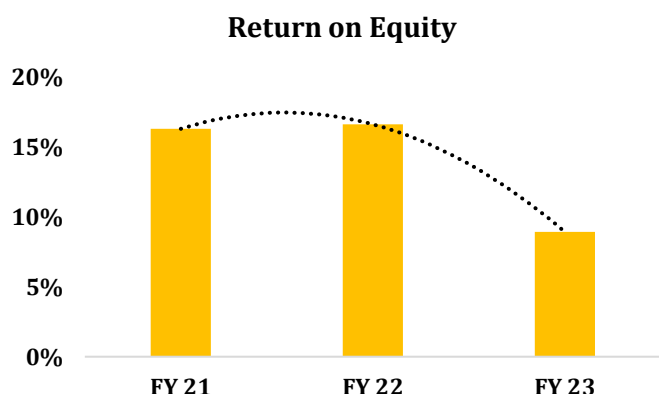
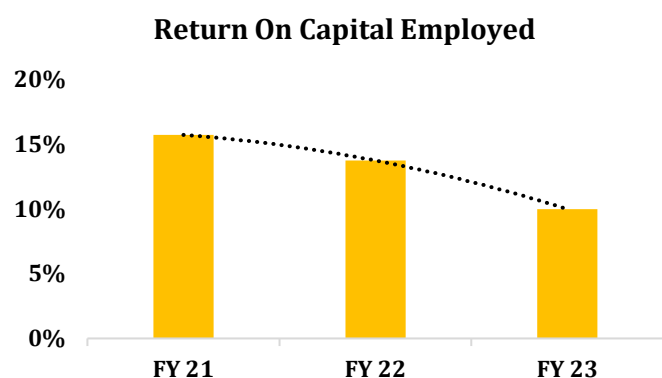
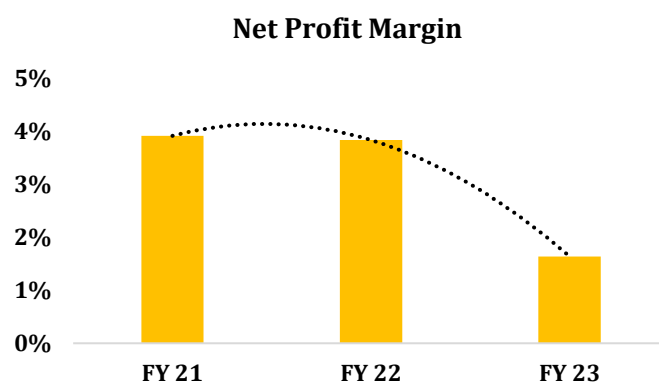
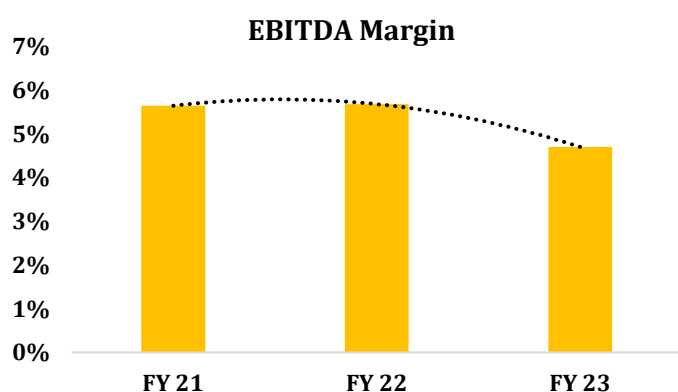
Balance Sheet		(In Lacs)	
Cash and Cash Equivalents	4,458.30	5,728.60	11,466.70
Bank balances other than above	1,922.70	1,373.10	5,042.70
Loans	45.50	62.70	73.60
Other financial assets	581.90	893.50	668.00
Other current assets	1,032.00	1,479.40	2,390.90
Total Current assets	39,156.30	50,527.60	70,175.10
Total Assets	57,949.40	87,456.60	1,21,694.70
EQUITY AND LIABILITIES			
Equity			
Share Capital	5,281.80	5,281.80	5,295.20
Other Equity	-	-	-
Retained earnings	16,836.20	22,271.40	25,543.20
Capital redemption reserve	207.50	207.50	210.90
General Reserve	266.00	266.00	266.00
Employee stock option reserve	340.50	421.70	538.90
Foreign currency translation reserve	-	-	215.60
Securities premium	5,594.30	5,594.30	6,019.50
Equity attributed to equity holders of the parent	28,526.30	34,042.70	38,089.30
Non-controlling interest	692.80	530.90	691.80
Total Equity	29,219.10	34,573.60	38,781.10
Liabilities			
Non-current liabilities			
Borrowings	-	-	1,792.50
Lease Liabilities	231.90	786.80	2,842.30
Other Financial Liabilities	844.80	8,041.40	11,387.10
Net employee defined benefit liabilities	3,396.40	4,880.00	5,394.90
Deferred Tax Liabilities (Net)	255.60	1,084.80	1,575.00
Total Non-current liabilities	4,728.70	14,793.00	22,991.80
Current liabilities			
(i) Short Term Borrowings	1,161.00	5,867.90	15,861.30
ii) Lease liabilities	217.50	476.90	1,490.20
(iii) Trade Payables	-	-	-
i) Due to micro and small enterprises	388.80	577.50	1,743.50
ii) Due to other than micro and small enterprises	2,796.50	3,990.40	6,189.60
Other Current Financial Liabilities	11,743.10	17,805.80	23,219.00
Short Term Provisions	1,049.30	999.20	1,075.20
Net Employee defined benefit liabilities	1,737.60	1,924.50	2,225.70
Current tax liabilities (net)	383.70	371.30	573.00
Other current liabilities	4,524.10	6,076.50	7,544.30
Total Current liabilities	24,001.60	38,090.00	59,921.80
Total Liabilities	28,730.30	52,883.00	82,913.60
Total Equity and Liabilities	57,949.40	87,456.60	1,21,694.70

Cash Flow Statement		(In Lacs)	
Particulars	FY 21	FY 22	FY 23
Net Cash Flow from Operating Activities	12,849.50	3,106.90	11,478.20
Net Cash Flow from Investing Activities	-1,654.80	-4,715.50	-15,298.20
Net Cash Flow from Financing Activities	-8,466.30	2,878.90	9,558.10



Ratio Sheet			
Particulars	FY 21	FY 22	FY 23
Per Share Data			
Diluted EPS	8.47	10.4	6.7
BV per share	39.11	46.28	51.91
Operating Ratios (%)			
EBITDA Margins	6%	6%	5%
PAT Margins	4%	4%	2%
Inventory days	1.51	1.56	1.21
Debtor days	81.12	85.49	74.38
Creditor days	3879.33	4088.38	3592.93
Return Ratios (%)			
RoCE	16%	14%	10%
RoE	17%	17%	9%
Valuation Ratios (x)			
EV/EBITDA	3.70	4.06	4.49
Market Cap / Sales	1.85	1.51	1.07
P/E	35.42	28.85	44.78
Price to Book Value	7.67	6.48	5.78
Solvency Ratios			
Debt / Equity	0.04	0.17	0.46
Current Ratio	1.63	1.33	1.17
Quick Ratio	1.61	1.31	1.16
Asset Turnover	2.09	1.70	1.72
Interest Coverage Ratio	17.92	13.35	4.23

Financial Charts





Key Risk Factors

1. There are outstanding legal proceedings involving the Company, the Promoters, Subsidiaries and Directors. Any adverse decision may adversely affect the business, results of operations, cash flows and reputation.

Category	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory	Material Civil Litigation	Amount (In Lakhs)
By Company	12	4	-	3	8,878.1
Against company	3	-	2	4	452.0
By Director	-	-	-	-	-
Against Director		3	-	3	401.2
By Promoter	-	-	-	-	-
Against Promoter	1	5	-	3	15,258.4
By Subsidiaries	-	-	-	2	260.3
Against Subsidiaries	1	18	-	-	769.8

2. The company has certain contingent liabilities and commitments as of March 31, 2023, amounting to Rs. 6,627.6 lakhs could adversely affect the financial condition.



Track Record of Lead Manager

The lead manager to the issue is IIFL Securities Limited, Motilal Oswal Investment Advisors Limited, SBI Capital Markets Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Managers in recent times –

IIFL Securities Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Yatharth Hospital and Trauma Care Services Limited	686.55	300.00	August 07, 2023	366.00
2.	Netweb Technologies Limited	631.00	500.00	July 27, 2023	810.00
3.	Senco Gold	405.00	317.00	July 14, 2023	500.00

IIFL Securities Limited has had 35 mandates in the last three fiscal years.

Motilal Oswal Investment Advisors Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Rishabh Instruments Limited	490.78	441.00	September 11, 2023	454.00
2.	IKIO Lighting Limited	606.50	285.00	June 16, 2023	354.00
3.	Radiant Cash Management Services Limited	256.64	94.00	January 04, 2023	93.2

Motilal Oswal Investment Advisors Limited has had 9 mandates in the last three fiscal years.

SBI Capital Markets Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Senco Gold Limited	405.00	317.00	July 14, 2023	500.00
2.	Tamilnad Mercantile Bank Limited	807.84	510.00	September 15, 2022	538.00
3.	Paradeep Phosphates Limited	1,501.73	42.00	May 27, 2022	71.2

SBI Capital Markets Limited has had 14 mandates in the last three fiscal years.

*CMP for the above-mentioned companies is taken as of 22nd September 2023.

As per the offer document, 1 mandate has opened at par, and the remaining mandates has opened at premiums on the listing date.



Recommendation

The company has been in the industry since 2003 and has good experience in the industry. The company has seen an increase in the top line of the financials but has seen a decrease in the bottom line which may or may not be sustained going forward.

The PE on an annualised and post-IPO basis is 64.76 times which seems to be overvalued by looking at the performance of the peer company. The P/E on average for the peer companies is 21.98 times.

The company operates in a highly competitive segment and in a very high fragmented market. The management outlook of the company is decent. The company has seen a decrease in the bottom line of the financials which may not be sustained going forward. The company has performed relatively better compared to its competitors and with the existing demand in the market the company can see a decent growth. The company is slightly overvalued which is not so attractive. But with considering the overall outlook and the demand in the market one can **APPLY** to this IPO.



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