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SME

IPO ANALYSIS AND OVERVIEW

ENFUSE
SOLUTIONS

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EnFuse
Innovate. Empower. Deliver.

PROFILE OF THE COMPANY

Compliance Officer for the issue is Shubhra Maheshwari.

(i) In Data Management & Analytics

(ii) E-commerce & Digital Services

(iii) Machine Learning & Artificial intelligence

(iv) Edtech & Technology Solutions.

It provides these service solutions by combining custom-designed data processes, delivery teams that include both generalists and domain specialists, and its in-house software to streamline and automate various processes.

ITS BUSINESS OPERATIONS ENCOMPASS VARIOUS DOMAINS:

(i) In Data Management & Analytics, it organizes and analyzes data, providing tailored insights for informed decision-making such as Master data Management, Product information Management etc.

(ii) Ecommerce & Digital Services form a core area where it develops and optimize digital platforms for seamless online experiences such as E-commerce platform management, content management, Digital marketing etc.

(iii) Machine Learning & AI represent its capabilities in advanced technologies, offering innovative solutions such as tagging/labelling, Transcription , Annotation etc.

(iv) Edtech & Technology Solutions focus on leveraging technology to enhance educational experiences and overall technological solutions such as live Proctoring, Record and review, Student Counselling etc.

It works as consultants for its clients as per the terms of sub-contracting agreements entered with them. For e.g., if its client is desirous of providing digitization services to one of its customers, then, it as consultants will work on behalf of its client to provide said services to their customers. It execute a Statement of Work with its clients which specify the scope of its services to be provided to their customers which includes the term of the project, background and objective of the project and description of services to be provided. Its diverse suite of offerings, spanning Data as a Service (DAAS) and software solutions, encompasses an AI platform for tagging audio, video, image, and documents, Edtech AI solutions, data annotation and curation platforms, data engineering, data science, cloud computing, and digital marketing.

PROCEED IS BEING USED FOR:

- Repayment of certain borrowings availed by the company.

- Meeting working capital requirements.

- General corporate purpose.

INDUSTRY OVERVIEW:

The IT & BPM sector has become one of the most significant growth catalysts for the Indian economy, contributing significantly to the country's GDP and public welfare. The IT industry accounted for 7.4% of India's GDP in FY22, and it is expected to contribute 10% to India's GDP by 2025. As innovative digital applications permeate sector after sector, India is now prepared for the next phase of growth in its IT revolution. India is viewed by the rest of the world as having one of the largest Internet user bases and the cheapest Internet rates, with 76 crore citizens now having access to the internet.

The current emphasis is on the production of significant economic value and citizen empowerment, thanks to a solid foundation of digital infrastructure and enhanced digital access provided by the Digital India Programme. India is one of the countries with the quickest pace of digital adoption. This was accomplished through a mix of government action, commercial innovation and investment, and new digital applications that are already improving and permeating a variety of activities and different forms of work, thus having a positive impact on the daily lives of citizens. India's rankings improved six places to the 40th position in the 2022 edition of the Global Innovation Index (GII).

The Indian IT & business services industry is expected to grow to $19.93 billion by 2025. Spending on information technology in India is expected to reach $144 billion in 2023. By 2026, widespread cloud utilisation can provide employment opportunities to 14 million people and add $380 billion to India's GDP. As per a survey by Amazon Web Services (2021), India is expected to have nine times more digitally skilled workers by 2025. IT spending in India is expected to increase to $110.3 billion in 2023 from an estimated $81.89 billion in 2021. In November 2021, Mr. Piyush Goyal, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, lauded the Indian IT sector for excelling its competitive strength with zero government interference. He further added that a service export from India has the potential to reach $1 trillion by 2030.

PROS AND STRENGTHS:

- ## DIVERSIFIED REVENUE FROM MULTIPLE GEOGRAPHIES:

The Company has diversified revenue from multiple geographical locations and most of its revenue is derived from exports sales. As an IT solution provider, it presence in multiple geographies as a service provider not only helps it in expanding its client base but also helps it by keeping ourselves in tune with the latest technological advancements world-wide. It is constantly adopting new technologies to further augment its business expansion and client acquisition.

- ## DIVERSIFIED CLIENT BASE AND REVENUE SOURCES:

It serves a diverse mix of end markets across several industry sectors. In its business, it serves a number of customers in different industries with variety of services, through its clients with whom it has entered into sub-contracting agreements. It has served entrepreneurs ranging from start-up enterprises to established companies, operating in sectors such as Technology, BFSI (Banking, Financial Services, and Insurance), Retail, Financial Services (FinTech), Media and Entertainment, Health, Education and various other industries.

- ## WIDE RANGE OF PROFESSIONAL AND TECHNICAL SERVICES:

It provides a wide range of services that cater to diverse business needs. It offerings encompass Data Management & Analytics, E-commerce & Digital Services, Tagging Services, Proctoring Services, Machine Learning & AI, Edtech & Technology Solutions, and more. In the data realm, it organizes and analyzes information, aiding clients in making well-informed decisions. Its capabilities extend to developing and optimizing digital platforms for smooth online experiences, ensuring precise data categorization, facilitating secure online assessments, and harnessing advanced technologies like Machine Learning & AI. Additionally, it contributes to the educational sector by using technology to enhance learning experiences. This comprehensive and integrated approach reflects its commitment to being a flexible and reliable partner for businesses with varied requirements.

RISKS AND CONCERNS:

- ## DEPENDENT ON FEW CUSTOMERS:

The substantial portion of its revenue is significantly dependent on certain key customers. For instance, its top three customers for the nine months' period ended December 2023, F.Y. ended March 31, 2023 and March 31, 2022 accounted for 65.17%, 78.60% and 99.93% of its revenue from operations in such periods. Its reliance on a limited number of customers for its business exposes it to risks, that may include, but are not limited to, reductions, delays or cancellation of orders from its key customers, a failure to negotiate favourable terms with its key customers or the loss of these customers, all of which would have a material adverse effect on the business, financial condition, results of operations, cash flows and future prospects of the Company. It presently do not have any long-term or exclusive arrangements with any of its customers, hence, there can be no assurance that its customers will place their orders with it on current or similar terms, or at all.
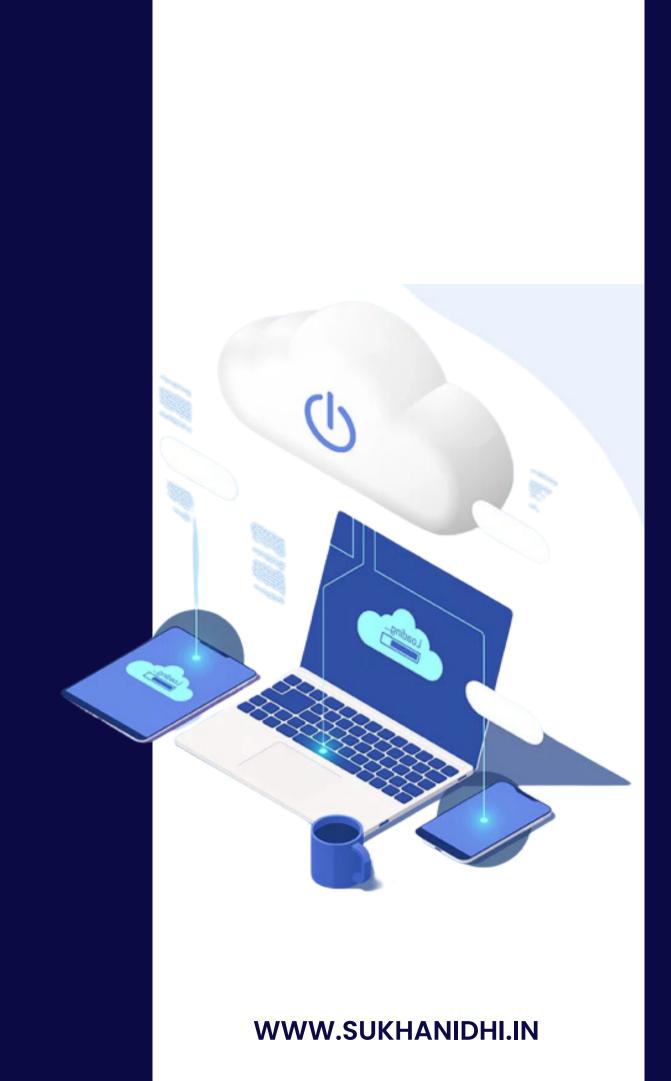
• CYBER RISK:

Cyber threats are evolving and are becoming increasingly sophisticated. The Company may experience cyber threats from time to time, which pose a risk to the security of its systems and networks and the confidentiality, availability and integrity of its data. There have been no instances of the loss/ leakage of confidential information or protected non-public personal information from the Company's IT systems or due to cyber-attacks on the company in past. Any disruptions or failures in the physical infrastructure or operating systems that support its businesses and customers, or cyber-attacks or security breaches of its networks or systems in the future, could result in the loss of customers and business opportunities legal liability, regulatory fines, penalties or intervention, other litigation, regulatory and legal risks and the costs associated therewith, reputational damage, reimbursement or other compensatory costs, remediation costs, increased cybersecurity protection costs, additional compliance costs, increased insurance premiums and lost revenues, damage to the company's competitiveness and any of which could materially adversely affect its business, results of operations, financial condition and cash flows.

- **RELY ON THIRD-PARTY DATA CENTRES AND CLOUD COMPUTING PROVIDERS:**

It currently serves its clients from third-party data centres and cloud computing providers located around the world. Some of these facilities may be located in areas prone to natural disasters and may experience events such as earthquakes, floods, fires, severe weather events, power loss, computer or telecommunication failures, service outages or losses, and similar events. They may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct or cybersecurity issues, human error, terrorism, improper operation, unauthorized entry and data loss. In the event of significant physical damage to one of these data centres, it may take a significant period of time to achieve full resumption of its services, and its disaster recovery planning may not account for all eventualities. It may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the data centres that it uses. Although it carries business interruption insurance, it may not be sufficient to compensate it for the potentially significant losses, including the potential harm to the future growth of its business that may result from interruptions in its services or products.

OUTLOOK

The company is engaged in business of providing integrated Digital solutions across various domains including

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The company is coming out with an IPO of 23,37,600 equity shares of face value of Rs 10 each. The issue has been offered in a price band of Rs 91-96 per equity share. The aggregate size of the offer is around Rs 21.27 crore to Rs 22.44 crore based on lower and upper price band respectively. On performance front, during the financial year 2022-23, the net revenue from operation of the company increased to Rs 2609.85 lakh as against Rs 2554.12 lakh in the Financial Year 2021-22 representing an increase of 2.18%. The main reason for increase in revenue from operation was due to increase in the sale of export services primarily due to increase in E-Commerce & Digital Services. The company experienced growth in Profit After Tax (PAT) of Rs 292.73 lakh for the financial year 2022-23, marking a significant increase of 47.76% from the previous financial year's PAT of Rs 198.11 lakh. Meanwhile, its goal is to build long-term sustainable business relationships with its clients to generate increasing revenues. It plans to continue to expand the scope and range of current services provided to its existing and new clients by continuing to build its expertise and extending its capabilities.

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