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**Issue Offer**

Fresh Issue of 5,825,243 Equity shares aggregating up to INR 1,200 Mn and Offer for sale of 4,600,000 equity shares aggregating up to INR 947.6 Mn

**Issue Summary**

Price Band (INR)	195-206
Face Value (INR)	10
Implied Market Cap (INR mn.)	8578.2
Market Lot	72
Issue Opens on	Aug 21, 2024
Issue Close on	Aug 23, 2024
No. of share pre-issue	35,816,500
No. of share post issue	41,641,743
Listing	BSE, NSE

**Issue Break-up (%)**

QIB Portion	50%
Retail Portion	35%
NII Portion	15%

**Registrar**

Link Intime India Private Ltd.

**Book Running Lead Managers**

Elara Capital (India) Private Ltd.

**Shareholding Pattern**

	Pre-Issue	Post-Issue
Promoters	97.72%	73.00%
Public & Others	2.28%	27.00%

**Objects of the issue**

- Acquisition of office premises
- Funding capital expenditure for purchasing equipment
- General corporate purposes

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Orient Technologies Ltd. was established in 1997 and based in Mumbai, is a leading IT solutions provider specializing in IT Infrastructure, IT Enabled Services (ITes), and Cloud and Data Management Services. The company delivers customized products and solutions across various business verticals, leveraging partnerships with technology leaders such as Dell, Fortinet, and Nutanix. OTL's expertise enables it to offer tailored services to prominent clients in sectors like BFSI, IT, and healthcare. With a strong focus on long-term client relationships and staying abreast of industry trends, OTL maintains a robust order book of INR 101.20 Cr.

**Investment Rationale**

**Diversified IT Solutions and Growing Segments:** The company offers a broad spectrum of IT solutions across three key verticals: IT Infrastructure, IT Enabled Services (ITes), and Cloud and Data Management Services. The IT Infrastructure segment, featuring Data Centre Solutions and End-User Computing, remains the largest revenue generator and has seen continual expansion with new cybersecurity products added in recent years. The ITes segment, encompassing Managed Services and other support services, has grown significantly with a CAGR of 29.51% from FY22-24, driven by a skilled workforce. Cloud and Data Management Services, which include advanced offerings like data analytics, RPA, and various "as-a-Service" solutions, have experienced remarkable growth with a CAGR of 62.92% over the same period. Company cloud expertise and strategic partnerships enhance its competitive advantage in this rapidly evolving market.

**Expansion into Device-as-a-Service (DaaS):** Company is broadening its portfolio with the introduction of Device-as-a-Service (DaaS), offering a comprehensive suite of hardware—desktops, laptops, tablets, printers, scanners, smartphones, and servers—bundled with software and managed services on a subscription basis. This nascent and fragmented market in India presents significant growth potential. The DaaS model is well-suited to address key industry trends such as the hybrid workforce, increasing demand for subscription-based IT procurement, and sustainability goals. By providing full technical support, enabling a circular economy, and enhancing cybersecurity measures, DaaS also alleviates the IT management burden for businesses, allowing their internal teams to concentrate on innovation.

**Expanding Geographic Presence and International Opportunities:** Currently operates primarily within India, generating most of its revenue domestically. Despite having a branch in Singapore and serving numerous multinational clients, Company international expansion remains limited. The Indian IT services sector, known for its export strength, particularly to North America and Europe, benefits from global demand for advanced technologies and integrated solutions. As Indian software products and IT services gain global recognition for their value and innovation, there is significant potential for OTL to enhance its international footprint. The growth of the ITes export sector, expected to increase at a CAGR of 6-8% from FY24-27, driven by analytics and robotic process automation, presents an opportunity for the company to tap into emerging global markets.

**Diverse Customer Base and Industry Expertise:** Innovation and excellence has further solidified its position as a trusted partner in the IT solutions market. By leveraging cutting-edge technologies and maintaining a customer-centric approach, it continually adapts to the evolving needs of its diverse clientele. The company's robust service delivery model and deep industry knowledge ensure that it provides scalable and effective solutions, driving operational efficiency and business growth for its clients. Its ongoing investments in research and development demonstrate a forward-thinking mindset, positioning it as a leader in the rapidly changing IT landscape.

**Valuation and View :** The company is strategically positioned for robust growth with its comprehensive range of IT solutions, encompassing IT Infrastructure, IT Enabled Services (ITes), and Cloud and Data Management Services. Its recent foray into the Device-as-a-Service (DaaS) market exemplifies its proactive approach, offering a full suite of hardware and software solutions on a subscription basis, which is increasingly popular in today's technology landscape. This move not only aligns with current industry trends but also enhances the company's portfolio, catering to the evolving needs of clients seeking flexible and cost-effective solutions. Despite its strong foothold in the domestic market, significant opportunities for international expansion are on the horizon. The company is well-positioned to tap into regions experiencing rising demand for advanced IT services, leveraging its extensive expertise and established track record. Its diverse customer base and deep proficiency in cutting-edge technologies, supported by strategic alliances with leading technology providers, amplify its ability to meet a wide range of client requirements and capture emerging global market opportunities. At the upper band of INR 206, the issue is valued at a P/E ratio of 20.70x, based on a FY24 EPS of INR 9.95. We are recommending a "Subscribe for Long Term" for this issue.

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**Stock Rating Scale**

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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