Euphoria Infotech India Limited IPO Overview:

Euphoria Infotech India Limited, incorporated in May 2001, is a pioneering force in the IT and ITes sector based in Kolkata, West Bengal. The company specializes in providing full-stack IT and ITes solutions, offering services in ERP, E-commerce, IoT, cloud-based tools, and data management.

A) Overview of the Indian IT Industry:

The Indian IT industry has emerged as a global powerhouse, contributing significantly to the country's economy. In FY23, the industry's revenue reached an estimated US$ 245 billion, showcasing its robust growth.

1. Global Footprint and Competitive Advantage:

- India's IT firms have a global presence, fostering strategic alliances across sectors like BFSI, telecom, and retail. The nation ranks third globally in cloud expertise and has attracted significant foreign direct investment (FDI) in the software and hardware sector.

- The computer software and hardware sector in India attracted cumulative foreign direct investment (FDI) inflows worth US$ 95.88 billion between April 2000-June 2023.

2. Growing Demand:

- IT spending in India is expected to increase to US$ 110.3 billion in 2023 from an estimated US$ 81.89 billion in 2021.

- In FY23, the top three Indian IT companies, TCS, Wipro and Infosys, were expected to offer over 1 lakh job opportunities due to the increasing demand for talent and skill.

3. Policy Support and Budget Allocation:

- Government support is evident in the Union Budget 2023-24, allocating Rs. 97,579.05 crore (US$ 11.8 billion) for the IT and telecom sector.

- The new Telecommunications Bill 2022 aims to create a modern telecom framework.

4. Contribution to GDP and Innovation Rankings:

● The IT sector contributed 7.4% to India's GDP in FY22, with expectations to reach 10% by 2025. India's focus on digital infrastructure and the Digital India Programme has propelled it to a leading position in Internet usage.

● The Global Innovation Index ranks India 40th in 2022.

5. Future Projections and Opportunities:

● Projections indicate that India's IT industry could reach the US$ 350 billion mark by 2026, contributing 10% to the GDP.

● With a growing emphasis on digital skills, cloud utilization is expected to create employment for 14 million people and add US$ 380 billion to the economy.

6. Government Recognition and Future Potential:

● Minister Piyush Goyal praised the IT sector's competitive strength and foresaw service exports
reaching US$ 1 trillion by 2030, highlighting the government's recognition of the industry's potential.

● The Indian IT industry's trajectory reflects its adaptability, global competitiveness, and pivotal role in India's economic growth.

B) Euphoria Infotech India Limited Detailed IPO Analysis:

Euphoria Infotech India Limited, incorporated in May 2001, is a pioneering force in the IT and ITes sector based in Kolkata, West Bengal. The company specializes in providing full-stack IT and ITes solutions, offering services in ERP, E-commerce, IoT, cloud-based tools, and data management.

Key Offerings and Categories:

1. **Customized Web Application Development:**

● Online Recruitment Systems
● Online Application Platforms
● University Management Systems
● Online Ticket Booking Systems

2. Enterprise Resource Planning (ERP):

- Customized ERP for Jute Companies
- Comprehensive Management of Resources for Large and Small Enterprises

3. E-Commerce Solutions:

- End-to-End Portal Management
- Order Booking to Door-to-Door Delivery Mechanism
- Integration of Warehousing, Inventory, Logistics, Shipping, and Payment Gateways

4. Application Programming Interface (API):

- Building API Systems
- Framework & Module Additions to Existing Platforms
- 3rd Party API Integration into Products
- Conversion of Software Systems into API-Driven Models

5. Mobile Apps and Progressive Web Apps (PWA):

- Multi-Platform PWAs
- Android & iOS Native or Hybrid Apps for Various Purposes:
- On-the-Go Support, Sales, Staff Management/Reporting
- Mobile Shopping Platforms
- Inventory Management & Warehousing
- Restaurant/Food Ordering Apps

6. Transport Management:

- Online Reservation System
- API-Based Seat Inventory Sharing with Third-Party Aggregators
- Integration of Modules like Finance, Inventory, Purchase, Bill Processing, Establishments, and Roster for State Transport Corporations

7. Citizen-Centric Portals:

- Property Tax Management
- E-Mutation, Assessment, Permission for Storage of Material, Movie Shooting, Road Cutting, Mobile Tower
- Integrated Mobile Applications for Citizens and Centralized Financial Accounting for Municipalities
- Survey Apps for Various Government Conducted Surveys

8. **Internet of Things (IoT):**

- Industrial Automation for Factories
- Scheduled/Conditional Triggering
- Dashboards and Alert Mechanisms for Industry-Specific Datasets
- Analytics and Model Creation Using Different Datasets

9. **Artificial Intelligence (AI) and Machine Learning (ML):**

- AI-Based Face Detection, Analysis, Matching
- YOLO-Based Object Identification/Recognition
- ANPR (Automatic Number Plate Recognition), Jersey Number Identification

10. **Agent Banking:**

- Providing Technological Support for Agent Banking Services

C) IPO Details:

- **Open Date:** Jan 19 2024

- **Close Date:** Jan 23 2024

- **Total Shares:** 960,000

- **Face Value:** ₹ 10 Per Equity Share

- **Issue Size:** 9.60 Cr
  .
- **Lot Size:** 1200 Shares

- **Issue Price:** ₹ 96 - 100 Per Equity Share

- **Listing At**: BSE SME

- **Listing Date:** Jan 29 2024

D) Objects of the IPO:

The net proceeds from the IPO will be utilized for working capital requirements and general corporate expenses.

E) Promoters and Management:

1. Mr. Shamba Bhanja, aged 52, is the Promoter and Managing Director of the company, bringing extensive knowledge and experience in the field of software, IT, and ITes.

2. Mr. Bappaditya Dasgupta and Mr. Priyabrata Seal, both having significant experience in software development and project management, serve as Whole Time Directors.

F) Expansion and Collaboration:

1. **Technology Partnerships:** Euphoria has formed strategic alliances with government and financial organizations, serving as a technology partner for over 100 municipalities in West Bengal.

2. **Global Reach:** In 2018, the company expanded its operations to Bangladesh, establishing a joint venture company to contribute to projects aimed at citizen betterment and ease of work.

3. **Webel Technologies Limited Partnership:** Euphoria is a channel partner of Webel Technologies Limited, further strengthening its government ties and project acquisition capabilities.

G) Competitive Strengths:

1. **Experienced Leadership:**

- Promoter Mr. Shamba Bhanja's 22+ years of industry expertise.
- Guiding force since the company's inception, streamlining operations and achieving business objectives. Diverse technology knowledge across multiple industries, exploring current and future opportunities.

2. **Scalable Business Model:**

- Technology-driven model with optimal team utilization.
- Successful in marketing, management, identifying upgraded technology, and achieving economies of scale.
- Adaptability to scale upward based on company requirements, leveraging exponential online digital possibilities.

3. **Agile Engineering and Delivery:**

● Broad software engineering capabilities covering web technologies, cloud, data, mobile, testing, IoT, AI/ML, and DevOps.
● Agile frameworks for scalable and flexible project management.
● Experimentation with the latest tools and techniques for innovation and predictability in delivering quality software.

4. **Exclusive Agreement with Webel Technologies Limited:**

● Enrolled with Webel Technologies Limited, the nodal agency for the Government of West Bengal.
● Collaboration agreement for certain domains, providing an advantageous edge for project acquisition.
● Government order for the implementation of IT, ITes, and related services.

5. **Marque Clientele:**

● Shapoorji Pallonji and Company Private Limited
● Urban Development and Municipal Affairs
● West Bengal Police Recruitment, and others

6. **Proven Track Record:**

● Successful completion of projects with government agencies, educational institutions, and corporations.
● Demonstrated ability to deliver solutions with a focus on quality, innovation, and meeting customer requirements.

7. **Strategic Collaboration:**

● Collaboration with strategic partners such as Webel Technologies Limited for enhanced market presence.
● Leverages collaborations to access resources, expertise, and government initiatives, enhancing overall competitiveness.

H) Risks Factors:

1. **Concentration on West Bengal:** Over-reliance on one state makes the company vulnerable to policy changes; if state policies shift, it could adversely affect the company's operations and performance.

2. **Quality of Service:** Poor service provision could result in customer dissatisfaction, negatively affecting the company's reputation and customer base.

3. **Client Acquisition and Retention:** Inability to attract new clients or renew contracts with existing clients may impede business growth and cash flows.

4. **Promoter Dependency:** Heavy reliance on Mr. Shamba Bhanja's knowledge and experience poses a risk; any disruption in the promoter's association could have adverse effects on the company.

5. **Registration with Webel Technologies Limited:** Losing registration with Webel Technologies Limited may present significant challenges to business operations, leading to potential financial and operational difficulties.

6. **Contractual Dependency:** Depending on client contracts that can be terminated with or without cause exposes the company to termination-related penalties and uncertainties in revenue streams.

7. **Service Defects and Disruptions:** Liabilities and customer loss may occur due to defects or disruptions, impacting customer relationships and leading to potential financial losses.

I) Strategic Initiatives:

1. **Client Acquisition and Relationship Deepening:**

● Long-standing customer relationships built on understanding behavior, preferences, and trends.
● Expansion of relationships with existing customers by addressing new challenges and enhancing engagement.
● Utilization of AI and next-gen technologies to transform IT and business processes.

2. **Business Portfolio Diversification:**

● Expansion into different sectors with innovative ideas.
● Beyond technology-centric enterprises, focus on new domains such as product development, training, capacity building, project management, and fintech.
● Recruitment of industry-expert IT professionals to enhance expertise in different verticals.

3. **Technology Enhancement and People-Centric Policies:**

● Innovation in the IT sector to create trends aligned with client needs.
● Introduction of innovative techniques for user-friendly services.
● Implementation of people-centric policies and practices for efficiency and client retention.
● Adaptation to the changing digital landscape to create a unique software model.

4. Increased Productivity and Efficiency:

- Focus on improving software productivity and efficiency for clients.
- Integration of innovative software and tools to simplify complex part creation.
- Democratization of production processes for small- and medium-sized producers.

5. Geographical Expansion:

- Catering to increasing demand and expanding the customer base by entering new geographical regions.
- Concentrated in West Bengal, aiming for a larger market presence and direct access to clients in additional regions.
- Long-term relationship focus through quality services, timely delivery, and competitive pricing.

6. Quality Focus:

- Emphasis on adhering to high-quality standards for IT and ITes services.
- Ensuring repeated projects from clients through consistent quality.

J) Value Chain:

1. Pre-Sales Stage:

a. Client Identification:

1. Identify potential clients through leads from tenders, Webel Technology Limited, a nodal agency of the government of West Bengal, and event participations.

2. Conduct meetings with clients for initial engagement.

b. Gathering Requirement & Analysis:

1. Engage with clients to understand needs and gather requirements.

2. Conduct business analysis and study to identify the best-fit product.

c. Deriving Estimation:

1. Draft solutions agreed upon by the client.

2. Evaluate time and resources required for solution delivery.

d.   Proposal:

1. Draft and submit a proposal to the client, including a problem statement, proposed solution, time estimates, team composition, and cost.

2. Conduct discussions and finalize details.

3. Sign a contract upon agreement.

2.   Post-Sale Stage:

1. Initiate the project with a kick-off meeting.

2. Define technical specifications based on the agreed-upon solution.

3. Develop the design architecture for the project.

4. Implement the project based on the approved design.

5. Conduct rigorous QA testing to ensure the solution's functionality and quality.

6. Perform comprehensive testing to identify and rectify any issues.

7. Engage clients in beta testing to validate that the solution meets their requirements.

8. Iterate through agile cycles for continuous improvement.

9. Deploy the solution.

10. Transition to the maintenance phase for ongoing support.

3. Project Closure:

1. Ensure client satisfaction through successful project delivery.

2. Document the entire project flow for future reference.

3. Gather client feedback and evaluate project performance.

4. Close the project, ensuring all objectives are met and documentation is complete.

K) Revenue Breakdown:

In the fiscal year 2022-2023, Euphoria Infotech witnessed a substantial increase in revenue, with the majority derived from West Bengal, comprising 98.9% of the total revenue, amounting to ₹7.28 crores. This marks a significant growth compared to the previous year (2021-2022) when the revenue from West Bengal was ₹4.58 crores.

The remaining revenue sources were diversified, with contributions from Tripura at ₹3.9 lakhs and Uttar Pradesh at ₹4.4 lakhs in the financial year 2022-2023.

Project and Domain Breakdown (Sep 23):

1. **Recruitment Services:** Generated the highest revenue among various services, totaling ₹1.40 crores.

2. **Education Services:** Contributed significantly with revenue reaching ₹1.10 crores.

3. **Citizen Services:** Garnered substantial revenue, amounting to ₹83 lakhs.

4. **Diverse Business Domains:** Revenue generated from diverse domains such as ERP, IoT, AI, among others.

Top Clients and Revenue Share:

1. **West Bengal Police Recruitment:** Emerged as the top client, contributing ₹1.23 crores, constituting 33.6% of the total revenue.

2. **Urban Development and Municipal Affairs:** Secured the second-highest revenue share at ₹83 lakhs, representing 22.9% of the total revenue.

3. **Other Clients:** The remaining percentage of revenue derived from various clients across different sectors, showcasing the company's diversified client base and revenue streams.

L) P&L Statement:

Particulars (In Lakhs)	2021	2022	2023	6M-FY24
Revenue from Operations	555	465	737	365
Other Income	1	29	0.8	0.1
Total Revenue	556	494	738	366
Changes in inventories	179	143	197	53
Employees Benefit Expenses	179	161	209	131
Other Expenses	139	136	115	77
EBITDA	59	54	216	104
Depreciation & Amortisation	9	6	8	4
Finance costs	18	18	32	13
EBIT	50	48	207	101
OPM (%)	10.65%	10.94%	29.22%	28.58%
PBT	32	30	176	88
Tax	8	9	46	27
PAT	26	20	130	60
NPM (%)	4.71%	4.03%	17.58%	16.54%
No.of Shares	29.01	29.01	29.01	29.01
EPS	0.90	0.68	4.46	2.08

M) Comparison With Peers:

Name of the Company	Revenue (In Crore)	PAT (In Crore)	EPS (in Rs)	P/E	CMP	Mcap (In Crore)
Euphoria Infotech (India) Limited	7	1	4.46	22.4	100	29
Infobeans Technologies Limited	385	36	14.83	50.4	451	1,096
Xchanging Solutions Limited	174	45	4.03	55.0	113	1,254

N) Valuation:

After annualizing 2023-24, representing 6M FY24 data:
Particulars (In Cr)

Revenue: INR 7.3

PAT: INR 1.2

EPS: 4.13

P/E: 24.21

Market Cap: 29

Review: The company is totally dependent on Govt Projects. They have very high receivables. Being an IT company they do not have a good website. The asking P/E of 25 is very high.