

**IPO Details**

<b>Opening Date</b>	Apr 18, 2023
<b>Closing Date</b>	Apr 21, 2023
<b>Stock Exchange</b>	NSE SME
<b>Lot Size</b>	2000 shares
<b>Issue Price</b>	₹ 61 per share
<b>Issue Size</b>	15,30,000 Equity Shares
<b>Application Amount</b>	₹ 1,22,000
<b>Amount Raised (Issue Type)</b>	₹9.33 Cr (Fresh Issue)

**IPO Objective**

1. Working Capital Requirements.
2. Acquisition of business in similar or complementary areas.
3. General Corporate Purposes.
4. Issue related expenses.

**Pre-Issue Shareholding**

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	38,00,000	89.41%
Public	4,50,000	10.59%

**Promoter of the Company**

1. Mr. Gaurav Jindal
2. Ms. Madhu

**Competitive Strengths**

1. Experienced Promoter and a well-trained employee base.
2. Quality Policy.
3. Strengthen human capital.
4. End-to-end Software Solutions and Support.

**Company Background**

- Quicktouch Technologies Limited was incorporated in the year 2013 headquartered in Delhi-India, is an information technology company.
- The company is in the business of Software IT Solution and Consulting Services, IT Product/Software Development and Software Commercial Training, and Web designing.
- Quicktouch Technologies Limited's Web designing services include: Website Designing/ Redesigning, iOS App/ Android/ Mobile App Development, Digital Marketing, and Web Hosting Services.
- The company is engaged in the business of Enterprise Resource Planning (ERP).

**Financial Summary**

	(INR In Lacs.)		
For the Period Ended	Mar-21	Mar-22	Oct-22
<b>Total Assets</b>	673.88	1,686.35	2,628.49
<b>Net Assets</b>	193.39	414.54	1,092.41
<b>Total Borrowings</b>	132.62	58.82	53.92
<b>Total Revenue</b>	728.12	2,551.73	2,812.66
<b>Profit After Tax</b>	52.78	221.15	430.37

**Tentative Timeline**

<b>Opening Date</b>	Apr 18, 2023
<b>Closing Date</b>	Apr 21, 2023
<b>Basis of Allotment</b>	Apr 26, 2023
<b>Initiation of Refunds</b>	Apr 27, 2023
<b>Credit of Shares to Demat</b>	Apr 28, 2023
<b>Listing Date</b>	May 2, 2023



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## Company Overview

Quicktouch Technologies Limited was incorporated in the year 2013 headquartered in Delhi-India, is an information technology company. The company is in the business of Software IT Solution and Consulting Services, IT Product/Software Development and Software Commercial Training, and Web designing. Quicktouch Technologies Limited's Web designing services include: Website Designing/ Redesigning, iOS App/ Android/ Mobile App Development, Digital Marketing, and Web Hosting Services. The company is engaged in the business of Enterprise Resource Planning (ERP).

Consulting/support services are related to the applications from different industries such as finance, insurance, automotive, banking, etc. As far as their business is concerned, they are providing consulting/support services limited to the tech area only to such clients on contractual basis but they are not involved in their operations on day-to-day basis. The company has launched "Quick Campus", The EdTech Marketplace, on 24th December, 2022 which is said to be India's first EdTech Marketplace.

## Analysis

Being in operations since 2013, the company has a decent track record of existence but only one promotor has a decent experience in the industry. Company currently generates major of its revenue domestically and they are planning to expand their operations globally in the coming years and accordingly expanding their team as per the scope and exposures in the different regions. Expansion basically is depending on the reach of the company's services/products to the customers located in different regions which according to the management can be done by marketing the services & products of the company digitally as well as with the help of competent and motivate sales team.

The breakup of Total Revenue from Operations of the Company is as under: -

Particulars (Rs. In lacs)	FY 2022	Contribution	FY 2021	Contribution	FY 2020	Contribution
Domestic	2,515.31	98.83%	727.26	100.00%	176.71	66.46%
International	29.85	1.17%	-	0.00%	89.19	33.54%
Total	2,545.16	100.00%	727.26	100.00%	265.89	100.00%

As far as business is concerned, in IT sector company is dealing in two segments. one of them is providing Software as a Service (SAAS), namely EIMS and the other segment includes consultancy with respect to the development/support of applications/solutions for their clients. EIMS® ERP Software, an integrated cloud solution for complete computerization of School & College, build on the most futuristic and highly sophisticated "Java" environment, denoted as EIMS® - Educational Institute Management System. Educational Institutes Management system (EIMS software for School/College) with a wide range of services to educational institute management, including creating integrated software modules, an interactive web portal, mobile application SMS messaging, GPS tracking, and smart card. They have also recently launched a new software as QuickCampus, from which they have not yet started generating any revenue as it is still in development phase. But company generates a major chunk of its revenue from its top customers as mentioned below.

Top customers contribution to revenue: -

(Rs. In lacs)

Particulars	October 31, 2022	FY 2022	FY 2021	FY 2020
Top 5 Customers	1,816.97	1,098.42	214.66	127.42
% of Revenue from Operations	64.60%	43.16%	29.52%	47.92%
Top 10 Customers	2,284.42	1,601.09	217.52	129.4
% of Revenue from Operations	81.22%	62.91%	29.91%	48.67%
Total Revenue from Operations	2,812.60	2545.16	727.26	265.89

To conclude, the business segment in which company operates has good prospect in the future and also company is planning to increase its revenue further by expanding its operation globally. The company generates almost the same amount of revenue from both sale of software support & services and sale of software product and if going forward if company could further bifurcate its revenue to more customers, company has a great scope of growth.

**Industry Charts**

Exhibit 1: Global IT Services Market

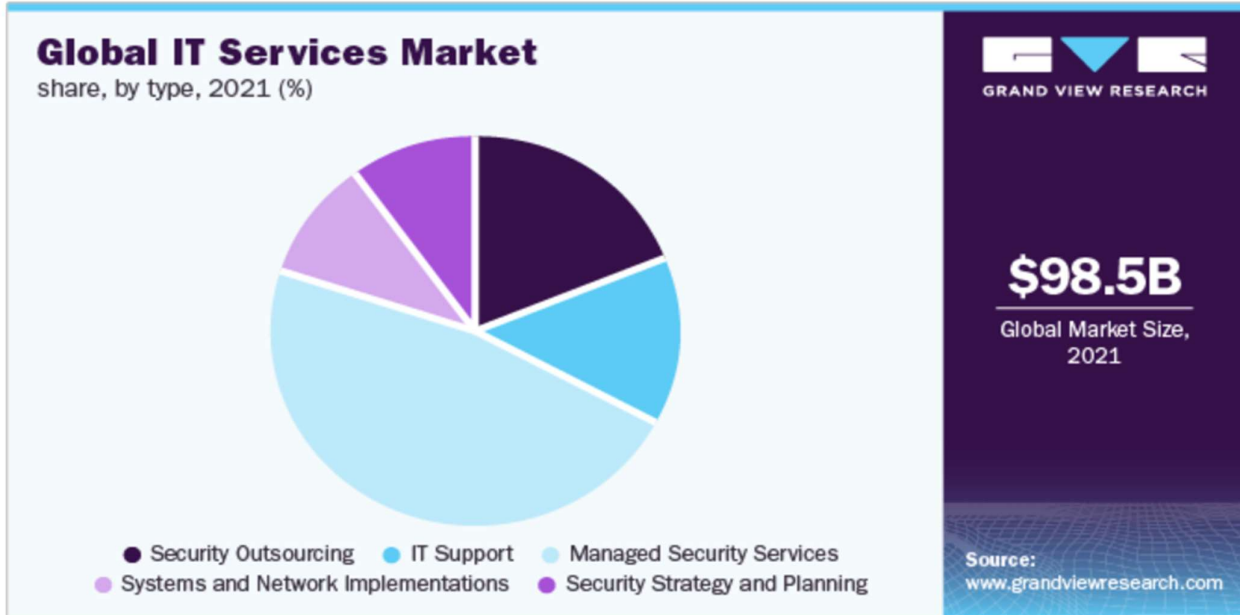
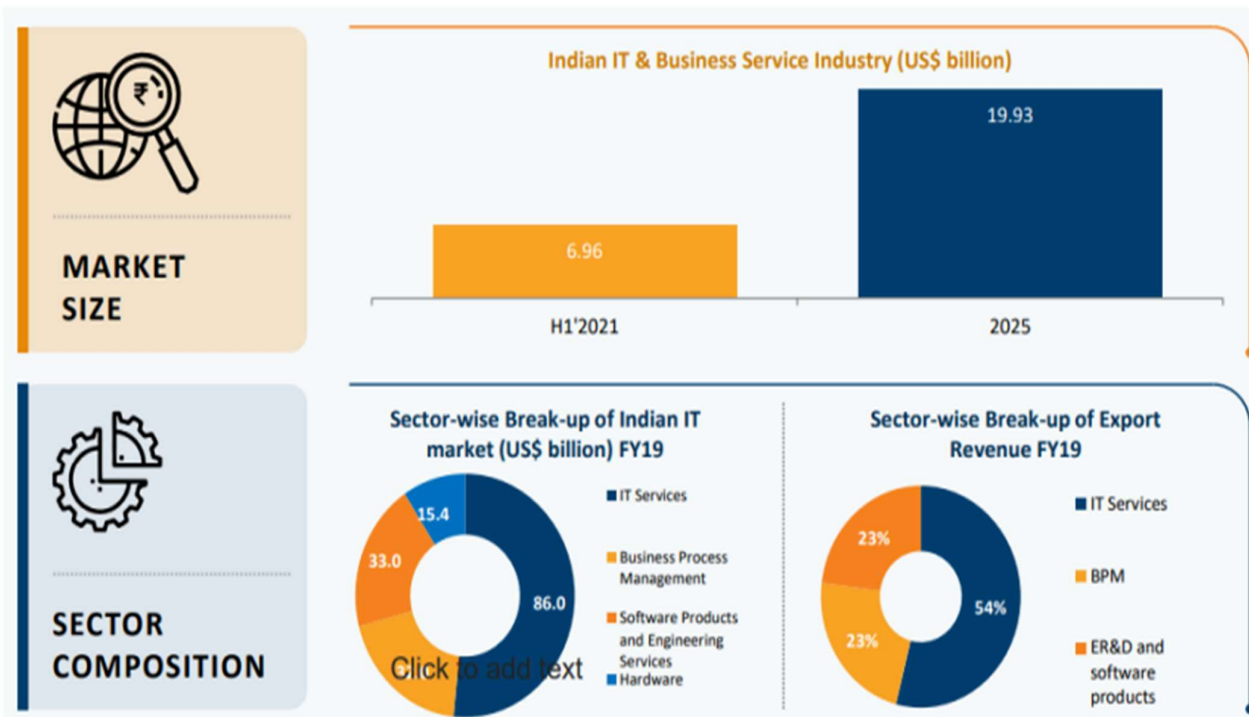


Exhibit 2: Indian IT services Market Size & Sector Composition



(Source- Prospectus)

## Investment Overview

### **INDIAN INFORMATION TECHNOLOGY INDUSTRY**

The Indian Information Technology/ Information Technology Enabled Services (IT/ITeS) industry is a global powerhouse today, and its impact on India has been incomparable. It has contributed immensely in positioning the country as a preferred investment destination amongst global investors and creating huge job opportunities in India, as well as in the USA, Europe and other parts of the world. In the last decade, the industry has grown many folds in revenue terms, and relative share to India's GDP is around 8 percent in FY2020-21(E). India is the topmost off-shoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India. The country's cost competitiveness in providing IT services, which is approximately 3-4 times cheaper than the US, continues to be its Unique Selling Proposition (USP) in the global sourcing market. Indian IT-ITeS industry offers cost-effectiveness, great quality, high reliability, speedy deliveries and, above all, the use of state-of-the-art technologies globally.

### **India IT Market Size**

The IT industry accounted for 8% of India's GDP in 2020. According to STPI (Software Technology Park of India), software exports by the IT companies connected to it, stood at Rs. 1.20 lakh crore (US\$ 16.29 billion) in the first quarter of FY22. India's rankings improved four places to 46th position in the 2021 edition of the Global Innovation Index (GII). Indian software product industry is expected to reach US\$ 100 billion by 2025.

According to National Association of Software and Service Companies (NASSCOM), the Indian IT industry's revenue is expected to touch US\$ 227 billion in FY22 from US\$ 196 billion in FY21.

The Indian technology industry crossed the \$200 bn revenue mark, reaching \$227 bn revenue in FY 2022, witnessing a \$30 bn incremental revenue in the year with an overall growth rate of 15.5%. Recording the highest ever growth since 2011, all

sub-sectors of the industry recorded double-digit growth across. Exports (Including hardware) recorded a growth of 17.2% clocking revenue of \$178 bn which is over 51% share of India's total services exports. India's massive digital infrastructure played a key role in driving India's tech adoption with public digital platforms becoming the bedrock of India's digital advantage. Propelled by this enhanced domestic demand, the domestic revenue of the technology industry recorded a 1.2X over FY2019 to reach about \$50 billion. Ecommerce recorded a growth of 39% to reach \$79 billion in 2021- 22. Digital revenue share stood at 30-32%, recording an incremental revenue of \$13 bn in FY2022E.

### **Road Ahead**

India is the topmost offshoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India. Indian IT & business services industry is expected to grow to US\$ 19.93 billion by 2025.

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 service exports from India have the potential to reach US\$ 1 trillion by 2030

*(Source- Prospectus)*

### **Addressable market for Quicktouch Technologies**

Company is dealing in two segments as far as IT sector is concerned, one of them is providing Software as a Service (SAAS), namely EIMS and the other segment includes consultancy with respect to the development/support of applications/solutions for their clients. These consulting/support services are related to the applications from different industries such as finance, insurance, automotive, banking, etc.

As per company, the newly launched Quick Campus is a one-stop solution for all educational needs. Quick Campus online is not limited to ERP but also provides other services like capacity building for teachers' educational loans including



School Fee Financing, Insurance, uniforms, hiring solutions, ID cards, books, group photos, etc.

### **Competition**

The market in which company operates is a highly competitive and fragmented. They compete with a variety of information technology companies, as well as service providers. Some of their competitors have great financial, workforce, marketing, sales and other resources. However, none of these companies is involved exclusively in a business similar to business of the Company and comparable to the scale of operations. There is no barrier to entry as such if a new company wants to enter the market. Company also has very low bargaining power, this might impact future profit and profit margins.



**PEER ANALYSIS**

<b>Company</b>	<b>Quicktouch Technologies Limited</b>	<b>Silver Touch Technologies Ltd.</b>	<b>Sigma Solve Ltd.</b>	<b>Cambridge Technology Enterprises Ltd</b>
Net Profit (INR Cr)	2.21	2.32	1.22	10.00
EBITDA (INR Cr)	3.92	4.61	1.62	17.00
Return on Capital Employed	59.62%	11.00%	14.60%	11.80%
Return on Equity	53.35%	7.29%	11.60%	12.50%
EPS (INR)#	12.76	1.83	2.97	17.67
P/E (Times)	4.78*	58.80	76.77	8.32

\*Leading P/E as on 21/04/2023

#EPS is based on post-IPO

**Promoters' Profile and Management Analysis**

**Mr. Gaurav Jindal**



- Mr. Gaurav Jindal, aged 31 years, is Promoter & Managing Director of the Company.
- He is a qualified Chartered Accountant and is Pursuing Bachelor in Law from CCS University, Meerut.
- He is associated with the company since 2016.

**Ms. Madhu**



- Ms. Madhu, aged 60 years, is the Executive Director of the Company.
- She has experience of more than 15 years in business development, diversification and management activities.
- She is associated with the company since 2016.

### **Analysis on the Company's Promoter and Board of Directors**

**Mr. Jitesh Sharma**, aged 28 years, Non-Executive Director of the Company. He holds Masters' Degree in Business Administration - Finance (MBA-Finance). He is having experience and knowledge related to finance and funds utilization of the organization.

**Mr. Gaurav Jindal**, aged 32 years, is Promoter & Managing Director of our Company. He is a qualified Chartered Accountant and Pursuing Bachelor in Law from CCS University, Meerut. He is associated with the company since 2016 and during his association

**Mr. Arjun Sharma**, aged 40 years, is the Whole time Director of the Company. He is an Alumni of Indian Institute of Management (IIM- Calcutta), Certified Senior Marketing professional by Google, Internet and Mobile Association of India (IAMAI), National Institute of Insurance (NII). He has over 21 years of experience which includes 11 years growth in marketing & specialized in helping internet companies in growing their business and customer base. He has worked with Start-ups in the field of InsurTech, Automobiles, Travel, EdTech, FMCG Tech, FinTech, Consumer Tech.

**Ms. Madhu**, aged 60 years, is the Executive Director of the Company. She is having experience of more than 15 years in business development, diversification and management activities. She is associated with various organizations as Director which is working in commercial and industrial areas. She is associated with the company since 2016 and due to her experience and expertise knowledge in the industry she has provided valuable contribution towards the growth of the stakeholders.

To conclude, the company's individual promoters does not have experience in the industry in which the company belongs to. Mr. Arjun Sharma, Whole Time Director of the company is the only director who have previously worked in the same industry. As company belong to an IT sector, it is recommended to have at least one Tech Head in the Board of directors. Roles and responsibility of the management are also not mentioned clearly.

**Financial Snapshot**

(Amount in Lacs)

Particulars	As at 31st March, 2021	As at 31st March, 2022	As at 31st Oct, 2022
<b><u>Profit and Loss</u></b>			
Revenue from operations	727.26	2,544.16	2,812.60
Other income	0.86	7.57	0.06
Total Revenue	728.12	2,551.73	2,812.66
Expenses	563.54	2,152.13	2,048.21
Depreciation and Amortisation Cost	103.51	114.92	149.36
Finance Cost	4.19	11.99	3.38
Total Expenses	671.24	2,279.04	2,200.95
PBT	56.88	272.69	611.71
PBT Margin	7.82%	10.72%	21.75%
EBITDA	163.72	392.03	764.39
EBITDA Margin	22.51%	15.41%	27.18%
Net Profit	52.78	221.15	430.37
Net Profit Margin	7.26%	8.69%	15.30%
<b><u>Balance Sheet</u></b>			
Total Borrowings	132.62	58.82	53.92
Net Worth	193.39	414.54	1,092.41
Fixed Assets	368.30	937.92	796.81
Net Working Capital	-58.24	-479.43	343.13
<b><u>Financial Measures (Annualised)</u></b>			
Inventory Turnover Ratio	37.72	-	-
Receivables Turnover Ratio	3.34	3.85	1.77
Payables Turnover Ratio	0.90	0.07	-
Fixed Assets Turnover Ratio	1.97	2.71	3.53
Return on Capital Employed	19.42%	59.62%	53.95%
Return on Equity	27.29%	53.35%	39.40%
Debt-Equity Ratio	0.69	0.14	0.05

(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 increased from Rs. 163.72 lacs in 2021 to Rs. 392.03 lacs in 2022 and on 31<sup>th</sup> Oct 2022 it was Rs. 764.39 lacs and if we annualise the same it would be around Rs. 1310.38 lacs. The EBITDA has shown an exponential growth when annualised with a CAGR of 182.91%. The EBITDA margin in 2021 was 22.51%, 15.41% in 2022 and 27.18% up to 30<sup>th</sup> Nov 2022. CAGR seems to be non-sustainable but with good EBITDA margins. Increase in EBITDA and its margin is due to decrease in cost of material consumed, i.e., it has come down to Rs 0 as on 31<sup>th</sup> Oct 2022 from Rs. 211.70 lacs in 2021.

### **Net Profit**

The net profit of the company has grown from Rs. 52.78 lacs in 2021 to Rs. 221.15 lacs in 2022 and as on 31<sup>th</sup> Oct 2022 it was Rs. 430.37 lacs and if we annualise the same it would be around Rs. 737.78 lacs growing at a CAGR of 273.88%, CAGR seems unsustainable. The net profit margin in 2021 was 7.26%, 8.69% in 2022 and 15.30% up to 31<sup>th</sup> Oct 2022. The Net Profit Margin of the company has shown a good growth. Increase in net profit is due to decrease in financial charges.

### **Finance Cost.**

The company's finance cost mainly comprises of Interest on Loan, Bank charges and other financial charges.

### **Financial Measures/Ratios**

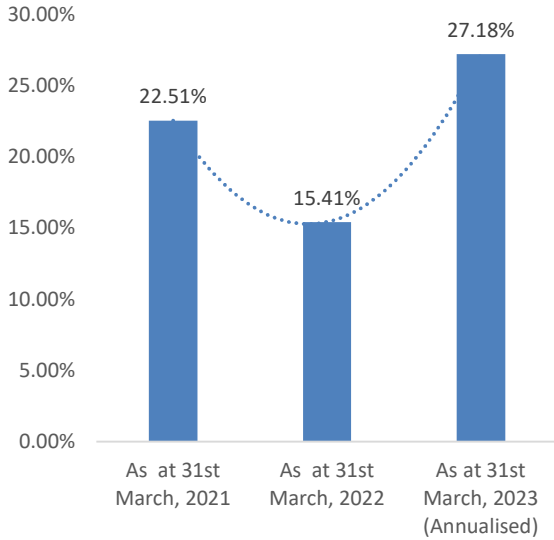
RoCE of the company up to 31<sup>th</sup> Oct 2022 is 53.95% vs 59.62% in 2022 and 19.42% in 2021. If we annualise the RoCE of FY 2022-2023, the ROCE is expected to be around 44.57%. Decrease in RoCE is due to increase in Equity Share Capital.

ROE of the company in 2021 was 27.29%, 53.35% in 2022 and 39.40% up to Oct 2022, if annualised, ROE would be around 31.63%. Along with RoCE, ROE has also decreased. With increase of equity base, the ROE is expected to come further down on annualised basis resulting in an estimated CAGR of only 7.65%.

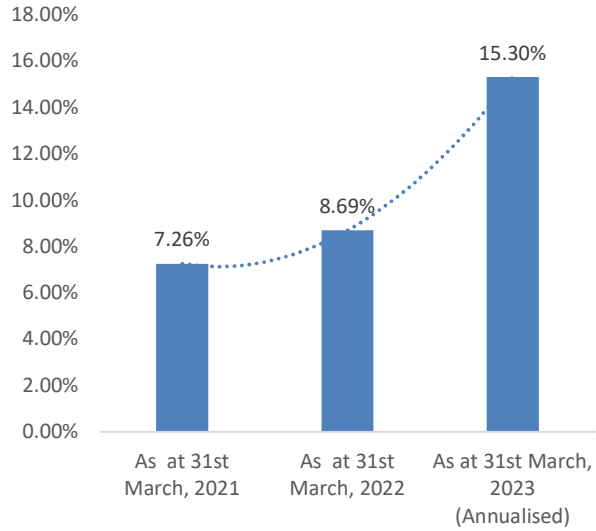
The company has a debt-equity ratio of 0.14 as of 31<sup>th</sup> Mar 2022 which shows the company was not highly leveraged. The debt-equity ratio is going to go down to around 0.02 times post IPO.

**Financial Charts**

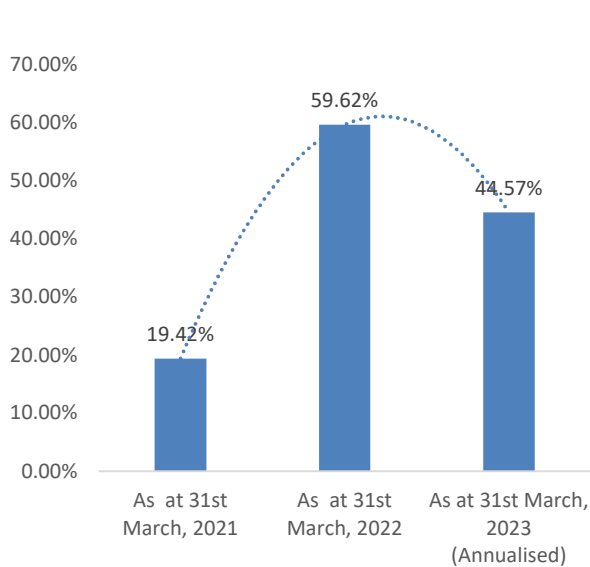
**EBITDA Margin**



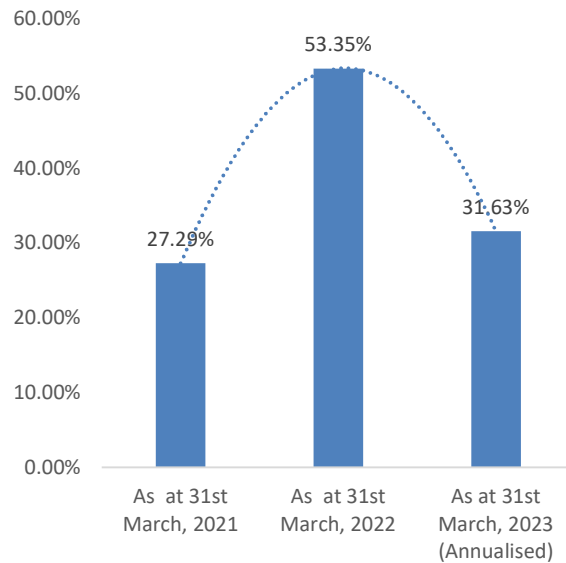
**Net Profit Margin**



**Return on Capital Employed**



**Return on Equity**



## Key Risk Factors

1. Company's promotor and Director, Mr. Gaurav Jindal is involved in a litigation involving Criminal Laws including tax related litigations amounting to Rs. 885.00/- lacs, if determined against the company, can affect financial conditions and also can impact the reputation of the company.
2. Company is dependent upon a limited number of clients for a substantial portion of revenue and the loss of one or more of these clients may adversely affect their business, financial condition and results of operations. Top 5 Customers contribute up to 64.60% of total revenue and top 10 Customers contribute close to 81.22% of total revenue.
3. Company may not be able to manage the current growth of business and operations in future i.e., revenue from operations increased by 957.71% to Rs. 2,812.66 lakhs as of October 31, 2022 from Rs. 265.89 lakhs in Fiscal 2020.
4. Trade Receivables of the company stands at Rs. 1,590.05/- lacs i.e., 56.53% of total Income. Any delays and/or defaults in customer payments could result in increase of working capital investment and/or reduction of the Company's profits, thereby affecting operation and financial condition.
5. Promoters and Key Managerial Personnel knowledge and experience play vital role in the functioning and operations of the business, whereas in this company the promoters are ill-equipped with required qualification and experience in the sector the company belongs.
6. The company has a negative cash flow from operating activity for the period ended as of Oct 31, 2022 amounting to Rs. (203.10) lacs.

### Track Record of Lead Manager

The lead managers to the issue are Share India Capital Services Private Limited and Khambatta Securities Limited. A table has been set below highlighting the details of the IPO of some of the companies handled by the Lead Managers in recent times –

#### Share India Capital Services Private Limited: -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP# (INR)
1.	Exhicon Events Media Solutions Limited	21.12	64.00	Apr 17, 2023	81.66
2.	Maiden Forgings Limited	23.84	63.00	Apr 06, 2023	68.28
3.	Humming Bird Education Limited	2.15	132.00	Mar 28, 2019	280.50
4.	Anmol India Limited	10.23	33.00	Feb 21, 2019	226.50

#### Khambatta Securities Limited: -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP# (INR)
1.	Quality Foils (India) Limited	4.52	60.00	Mar 24, 2023	97.40
2.	VELS Film International Limited	33.74	99.00	Mar 22, 2023	99.00
3.	Gayatri Rubbers and Chemicals Limited	4.58	30.00	Feb 07, 2023	38.00
4.	Rudrabhishek Enterprises Limited	18.73	41.00	Jul 13, 2018	182.50

#### #CMP is taken as on 20<sup>th</sup> April 2023

As per the offer document Share India Capital has shown only 1 mandate even though this is their 6<sup>th</sup> mandate in the last six fiscals (including the ongoing one), whereas Khambatta Securities have had 4 mandates in the last three fiscal year (including the ongoing one). For Khambatta Securities all last 3 mandates have opened at a premium ranging from 0.20% to 66.67% on the listing date.



## Recommendation

The company has been into this industry since 2013 and have a decent track record. However, the company has also managed to increase its revenue exponentially, with a reasonable growth in EBIT margins and net profit margins.

The company has been in an industry which is highly competitive and fragmented segment with many big players dominating the sales.

The management outlook of the company is not so promising, as they have only one person in the top management with required work experience relating to the company operates in. With no individual promoter with similar background.

The company is getting listed with a leading P/E of around 4.78 times which seems fairly priced, looking at the performance of the company over the past years.

In conclusion, given that with an exponential growth of revenue, along with a reasonable growth in EBIT margins and net profit margins, which can be sustained going forward looking at the company's growth strategy. But the company's promoters do not seem promising looking at their previous experiences, making this stock risky bet and therefore **Risk Averse Investors should wait and Risk Seekers should apply.**



## 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.**