

IPO Details

Opening Date	Dec 9, 2022
Closing Date	Dec 13, 2022
Stock Exchange	NSE SME
Lot Size	1600 Shares
Issue Price	₹87-90 per share
Issue Size	53,55,200 Equity Shares
Application Amount	₹ 1,44,000

IPO Objective

Expansion of Business
Acquisitions of Businesses in similar or complementary areas
General Corporate Expenses

Pre-Issue Shareholding

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	1,00,87,872	65.80%
Others	52,42,304	34.20%

Promoter of the Company

- 1 Dr. Ajay Mian
- 2 Dr. Suman Mian

Competitive Strengths

- 1 The full Microsoft Stack strength
- 2 International experience of customers from over 30 countries
- 3 One of the largest pool of resources; ~ 300 people
- 4 Diverse industry experience – Manufacturing, Services, ecommerce, BFSI, Travel, EPC, Retail
- 5 Strong brand, high market reputation – both as a solution provider, and as an employer
- 6 Experience of over 2 decades, spanning over ~ 750 customers. This is the highest number of Business Applications customers acquired by any partner from India

Company Background

- Company was incorporated in 2000 as “All E Technologies Private Limited” in Delhi.
- Alletec is a Microsoft Business Applications & Digital Transformation company.
- Alletec helps clients by Leveraging the suite of Microsoft Dynamics 365, Power Platform, Data & AI - powered by Microsoft Azure & Collaboration platforms.
- Company provide consulting services for solution assessments, provide product licenses, carry out solution implementation, provide solution enhancements and on-going support.
- Company also provide offshore technology services to some large Microsoft Business Applications partners from the USA and Europe.
- Company had 330 employees as on the date of prospectus.

Financial Summary

(In Lacs)			
For the Period Ended	Jun-22	Mar-22	Mar-21
Total Assets	7,151.12	6,350.77	5,586.66
Net Assets	4,766.17	4,510.79	4,001.46
Total Borrowings	4.70	6.40	13.14
Total Revenue	2,254.86	7,004.90	6,121.52
Profit After Tax	292.40	822.13	972.54

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Company Overview

The Company was originally incorporated as “All E Technologies Private Limited” on June 16, 2000 as a private limited company and was converted into a public limited company on March 16, 2022. Alletec is a Microsoft Business Applications & Digital Transformation company. Company helps in bringing together - Company & Customers, Factory & Field Service, Store Front & Supply Chain, Patients & Providers, - by putting in place integrated operational systems of ERP, CRM, Collaboration Portals, Mobile Apps, and enable businesses to draw actionable insights from data. Company provide consulting services for solution assessments, provide product licenses, carry out solution implementation, provide solution enhancements and on-going support. Company also provide offshore technology services to some large Microsoft Business Applications partners from the USA and Europe.

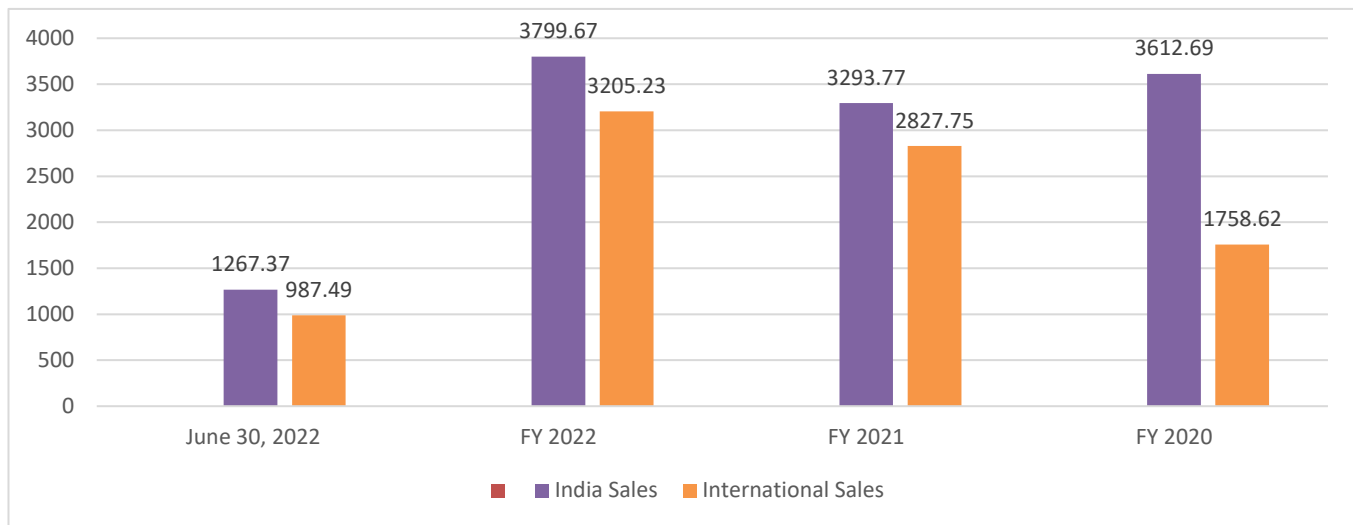
Analysis

Alletec started operations in the year 2000 as an Outsourced Product Development Company. Company brought their focus to the Microsoft Business Applications space from 2002. In this age of relentless transformations powered by forces of the digital era, Alletec helps Dynamics 365, Power Platform, Data & AI - powered by Microsoft Azure & Collaboration platforms.

Over the past 2 decades Company have provided business applications to ~ 750 customers. Besides India, Company have serviced customers from more than 30 countries. These include – USA, Canada, UK, Germany, Switzerland, Ireland, Austria, Middle East, Kenya, South Africa, Nigeria, Tanzania, Rwanda, Singapore, Hong Kong, Australia, New Zealand, Papua New Guinea, and some others.

Geographical Revenue Breakup:

₹ in Lacs	For the period ended June 30, 2022	FY 2022	FY 2021	FY 2020
India Sales	1267.37	3799.67	3293.77	3612.69
International Sales	987.49	3205.23	2827.75	1758.62
Total	2,254.86	7,004.90	6,121.52	5,371.31

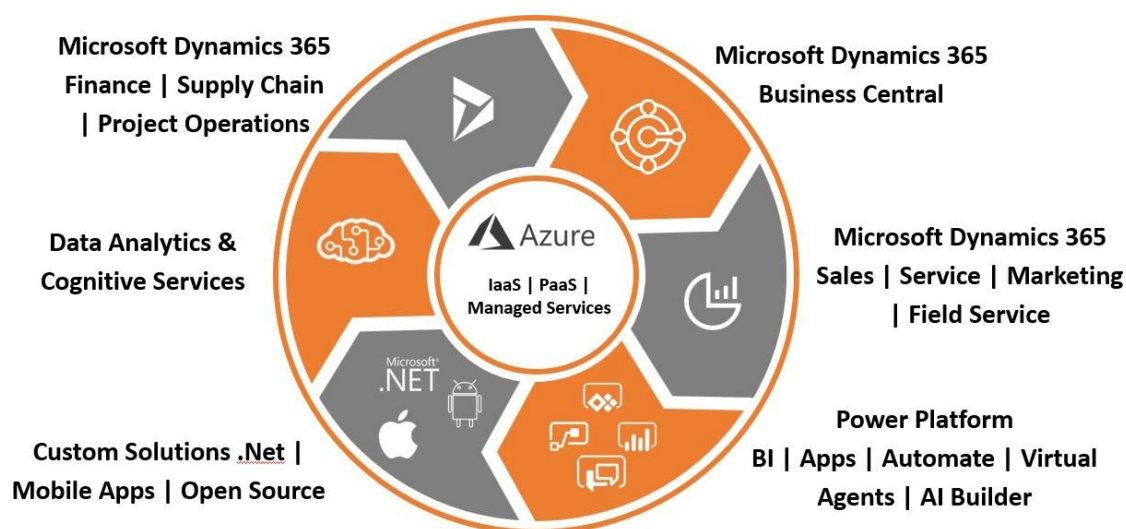


Company's Solutions and Summary Include:

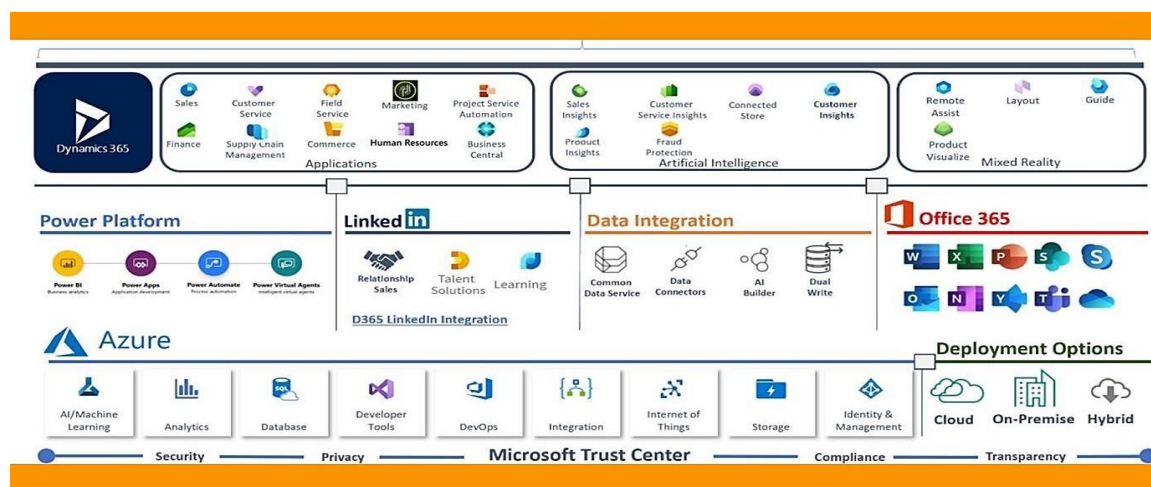
- D365 Business Central – Implementation & Support
- D365 Project Operations
- D365 Finance | SCM – Implementations & Support
- D365 Sales
- D365 Customer Service
- D365 Field Service
- D365 Marketing
- Power BI
- Power Apps – the low-code/ no-code platform
- Power Automate
- Power Virtual Agents (Chatbots)
- AI Builder
- Custom Applications & Mobile Apps
- Microsoft Azure - IaaS & PaaS
- Managed Services
- Cloud Architecture and Consulting Services

Company has business collaboration with Microsoft. This collaboration not just in India, but also in several other parts of the world, including – USA, Africa, and the Microsoft Development Center Copenhagen (MDCC).

Business Applications Suite & Cloud Solutions for Company's customers



Microsoft Platform for Digital Transformation



Top Customers Contribution to Revenue

Revenues	For the Period ended June 30, 2022		FY 2022		FY 2021		FY 2020	
	Amount ₹ in lacs	%	Amount ₹ in lacs	%	Amount ₹ in lacs	%	Amount ₹ in lacs	%
Top 5 customers	511.68	22.69%	1437.37	20.52%	976.28	15.95%	797.85	14.85%
Top 10 customers	748.77	33.21%	2078.90	29.68%	1385.48	22.63%	1369.72	25.50%

To conclude, the company has been into a growing segment, and after the pandemic, has shown good strength in the financial numbers. However, the industry is very competitive and is subject to regular innovations. Company has developed Industry specific and Technology specific and platform specific assets that provide them an edge in the market. The company has also performed well for itself in a highly competitive market.

Industry Charts

Exhibit 1: Market Size of IT & BPM Market

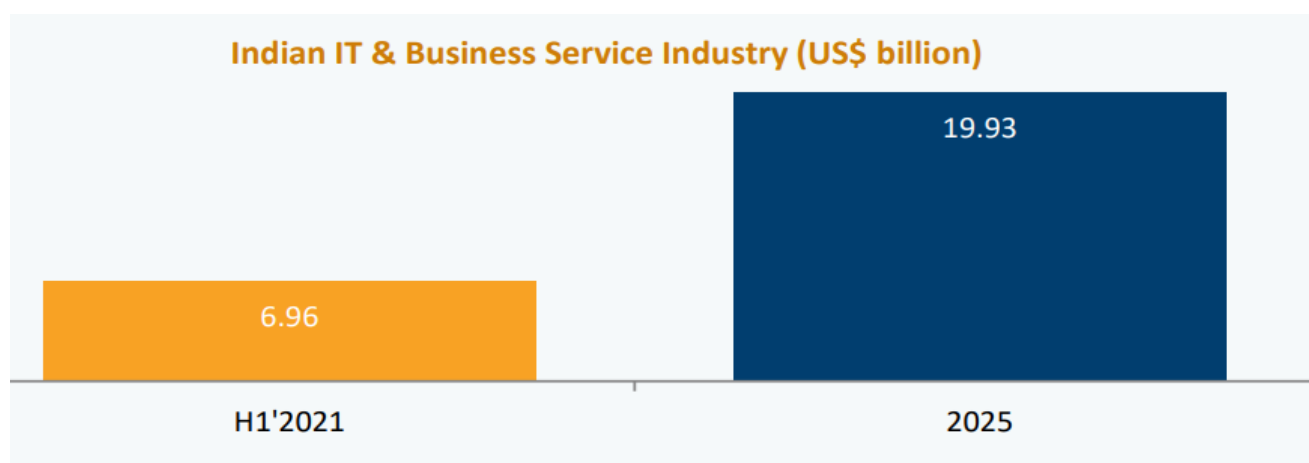


Exhibit 2: Sector Composition of IT & BPM Industry

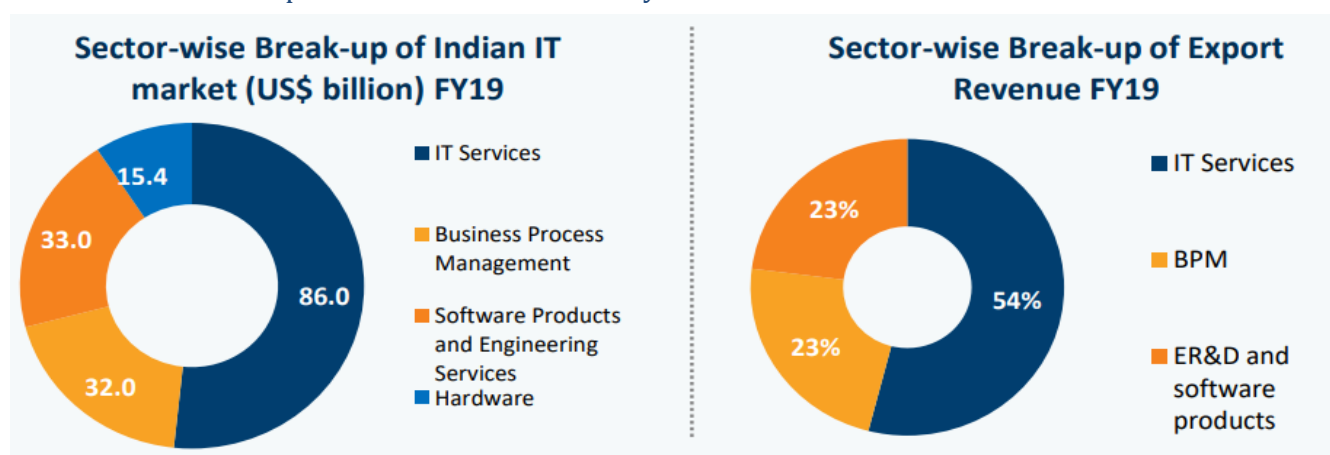
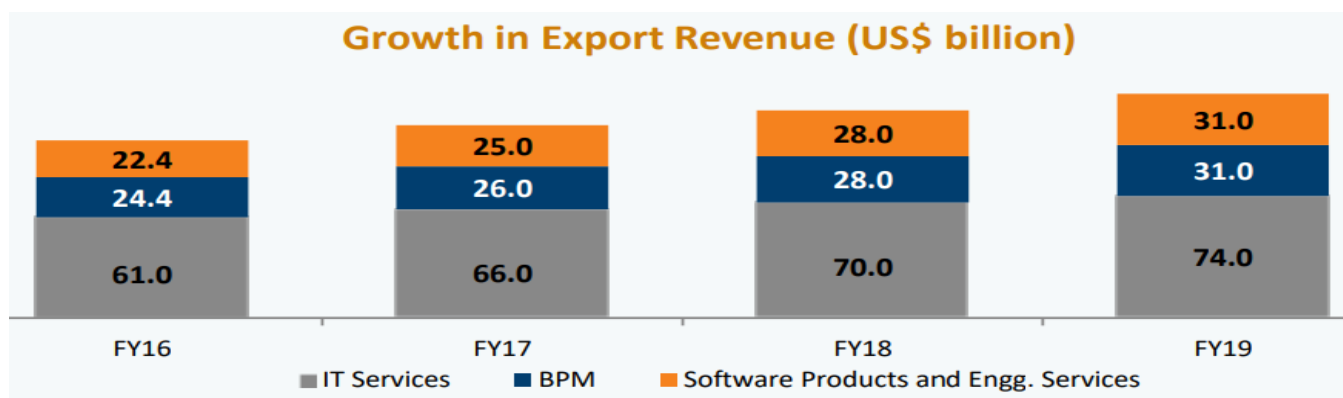


Exhibit 3: Key Trends in IT & BPM Industry



(Source: ibef.org)

Investment Overview

IT & BPM Industry

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 four places to the 46th position at the 2021 edition of the Global Innovation Index (GII).

According to National Association of Software and Service Companies (Nasscom), the Indian IT industry's revenue touched US\$ 227 billion in FY22, a 15.5% YoY growth.

According to Gartner estimates, IT spending in India is expected to increase to US\$ 101.8 billion in 2022 from an estimated US\$ 81.89 billion in 2021.

Indian software product industry is expected to reach US\$ 100 billion by 2025. Indian companies are focusing on investing internationally to expand their global footprint and enhance their global delivery centres.

The data annotation market in India stood at US\$ 250 million in FY20, of which the US market contributed 60% to the overall value. The market is expected to reach US\$ 7 billion by 2030 due to accelerated domestic demand for AI.

Exports from the Indian IT industry stood at US\$ 149 billion in FY21. Export of IT services has been the major contributor, accounting for more than 51% of total IT export (including hardware). BPM and Engineering and R&D (ER&D) and software products export accounted for 20.78% each to total IT exports during FY21. ER&D market is expected to grow to US\$ 42 billion by 2022.

The IT industry added 4.45 lakh new employees in FY22, bringing the total employment in the sector to 50 lakh employees.

(Source: ibef.org)

Addressable Market for All E Technologies Limited

Besides India, Company have serviced customers from more than 30 countries. These include – USA, Canada, UK, Germany, Switzerland, Ireland, Austria, Middle East, Kenya, South Africa, Nigeria, Tanzania, Rwanda, Singapore, Hong Kong, Australia, New Zealand, Papua New Guinea, and some others. Nearly 45% of the Company's service revenue is currently from international customers. Besides working on strengthening the Sales & Marketing in America and Australia, company is also working on developing business in the relatively less tapped geographies of Africa, and have already started generating business.

Competition

In India, Company face competition at 2 levels:

1. Competition from competing products from Salesforce, Oracle and SAP
2. Competition from the Global System Integrators like PWC, KPMG and EY

In the USA and Canada market Company primarily face competition from the well-established local mid-sized solution providers. In Africa (other than South Africa) Company currently face competition from local system integrators and Dynamics partners. This is also the case in most other geographies like Europe, Middle East and APAC.

Peer Analysis

As Mentioned in the prospectus, the company has only 2 listed peers viz. Infobeans Technologies Limited and KSolves India Limited –

Company	All E Technologies Limited	Infobeans Technologies Limited	Ksolves India Limited
Net Profit (INR Cr)	8.22	55.05	15.73
EBITDA (INR Cr)	10.80	85.06	21.23
Return on Capital Employed	22.54%	28.10%	123.15%
Return on Equity	6.13%	23.88%	93.63%
EPS (INR)#	4.92	23.26	16.35
P/E* (Times)	18.29	23.84	26.58

#EPS on post IPO basis

***As on 06/12/2022**

Promoters' Profile and Management Analysis

Dr. Ajay Mian



- Dr. Ajay Mian is designated as Managing Director on the Board of the Company.
- He completed his Ph. D in Physics.
- He has around 2 Decades of experience in the business of Digital Transformation
- He is responsible for the managing and supervising operations, expansion of business, sourcing new projects and overall management of the business of the Company.

Dr. Suman Mian



- Dr. Suman Mian is a Non-Executive Director of the Company
- Dr. Suman is a medical doctor, having completed her Master of Surgery specializing in Obstetrics and Gynecology
- She is a Sr. Consultant - Gynecology & Obstetrics at the MMJ Hospital, Delhi.
- She was appointed to the Board of the Company at the time of incorporation.

Analysis on the Company's Promoter and Board of Directors

Dr. Ajay Mian aged 63 years is the founding Promoter of the Company and is designated as Managing Director on the Board of the Company. He completed his Ph.D in Physics in 1984. He has rich experience in the field of Computer Science & Information Technology. Dr. Mian served with Tata Unisys (now a part of TCS) for about 8 years, and as the Vice President of Software Services & Consulting Company Euro link Systems Limited for 5 years. He is also the co-founder of Healnt Technologies Private Limited - a Healthtech start-up. He has around 2 Decades of experience in the business of Digital Transformation.

Dr. Suman Mian aged 64 years is a Non-Executive Director of the Company. She was appointed to the Board of the Company at the time of incorporation. She has completed her Master of Surgery specializing in Obstetrics and Gynecology from Gajra Raja Medical College, Gwalior. She is practicing as a Sr. Consultant in Gynecology & Obstetrics Department of MMJ Hospital for over 2 decades. She supports the administration of the Company as when required.

Mr. Rajiv Tyagi aged 55 years is the Executive Director of the Company. He was appointed to the Board as an Executive Director on October 04, 2006. He has completed MSc. in Mathematical Statistics from Lucknow University & MBA in Finance from Indian Institute of Finance. Further he has Diploma in Computer Applications and Programming. He has experience of more than 25 years of working in the computer software industry. He also has strong knowledge in the areas of Finance, Supply Chain, and CRM. He heads the Innovation and R&D arm of the organization, manages pre-sales, key customer engagements.

Ms. Ritu Sood aged 47 years is an Executive Director of the Company. She has completed Bachelor of Commerce from Shri Ram College of commerce, University of Delhi. Ritu is a Chartered Accountant and a member of the Institute of Chartered Accountants of India. She is an experienced Microsoft Dynamics professional and has an experience of ~ 20 years in systems analysis, design, integration, development and implementation. Ritu is responsible for the company's RoW (Rest of the World) business. She also heads the corporate HR function.

To conclude, the company's management is well educated and has good experience. The independent directors of the company also have good experience, educational qualification and could be a great driving force for the company.

Although, Dr. Suman Mian has roles and responsibilities which do not exactly match the educational qualification.

Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2021	As at 31st March, 2022	As at 30th Jun, 2022
Profit and Loss			
Revenue from operations	6,121.52	7,004.90	2,254.86
Other income	206.33	229.25	65.47
Total Revenue	6,327.85	7,234.15	2,320.33
Expenses	5,088.10	5,924.68	1,909.97
Depreciation and Amortisation Cost	46.00	63.71	13.47
Finance Cost	1.00	0.81	1.00
Total Expenses	5,135.10	5,989.20	1,924.44
PBT	1,192.75	1,244.95	395.89
PBT Margin	19.48%	17.77%	17.56%
EBITDA	1,033.42	1,080.22	344.89
EBITDA Margin	16.88%	15.42%	15.30%
Net Profit	972.54	822.13	292.40
Net Profit Margin	15.89%	11.74%	12.97%
Balance Sheet			
Total Borrowings	13.14	6.40	4.70
Net Worth	4,001.46	4,510.79	4,766.17
Fixed Assets	202.58	110.69	115.24
Net Working Capital	3352.51	3962.45	4482.43
Financial Measures (Annualised)			
Inventory Turnover Ratio	-	-	-
Receivables Turnover Ratio	7.98	7.18	7.88
Payables Turnover Ratio	373.04	-	-
Fixed Assets Turnover Ratio	30.22	63.28	120.53
Return on Capital Employed	24.64%	22.54%	13.22%
Return on Equity	24.30%	18.23%	11.67%
Debt-Equity Ratio	0.00	0.00	0.00

(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 grown from Rs. 1,033.42 lacs in 2021 to Rs.1,080.22 lacs in 2022 and up to Jun'22 it is Rs. 344.89 lacs and if we annualise the same, it would be around Rs. 1,379.56 lacs. The EBITDA margin in 2021 was 16.88%, 15.42% in 2022 and 15.30% up to June'22. The EBITDA has shown a healthy level and has been around 15%, although the EBITDA has decreased slightly in FY 22 from the levels of FY 21.

Net Profit

The net profit of the company has fallen from Rs. 972.54 lacs in 2021 to Rs. 822.13 lacs in 2022 and up to June'22 it is Rs. 292.40 lacs and if we annualise the same, it would be around Rs. 1,169.90 lacs. The net profit margin in 2021 was 15.89%, 11.74% in 2022 and 12.97% up to June'22. The Net Profit has decreased from the levels of FY 21 due to increase in non-operating expenses.

Finance Cost.

The company do not have much finance cost as is the case with other IT companies in the industry.

Financial Measures/Ratios

RoCE of the company in 2022 was 22.54% vs 24.64% in 2021. The return decreased due to new equity issuance in FY 22. With the annualisation of EBIT and increment of Equity Base of the company with the introduction of new capital through IPO, the RoCE is estimated to be around 13.22% for FY 23.

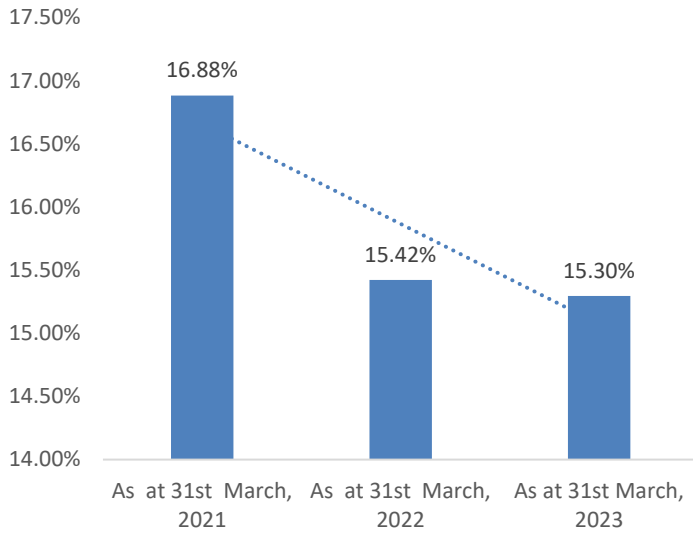
ROE of the company up in 2022 was 18.23% vs 22.54% in 2021. The analysis and prediction of the same can be set forth as that of RoCE with estimated annualised ROE of around 11.67%.

The company do not have any inventory and payables but has maintained the receivables turnover at around 7 times constantly.

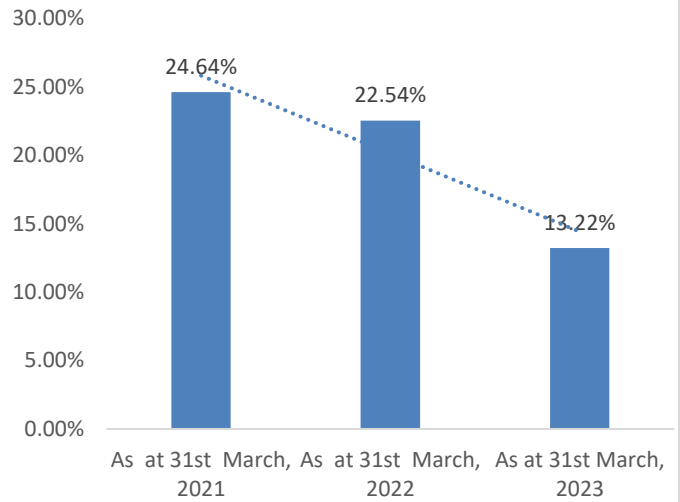
As already discussed, IT companies do not have much debt in their balance sheet, the Debt-Equity ratio is negligible.

Financial Charts

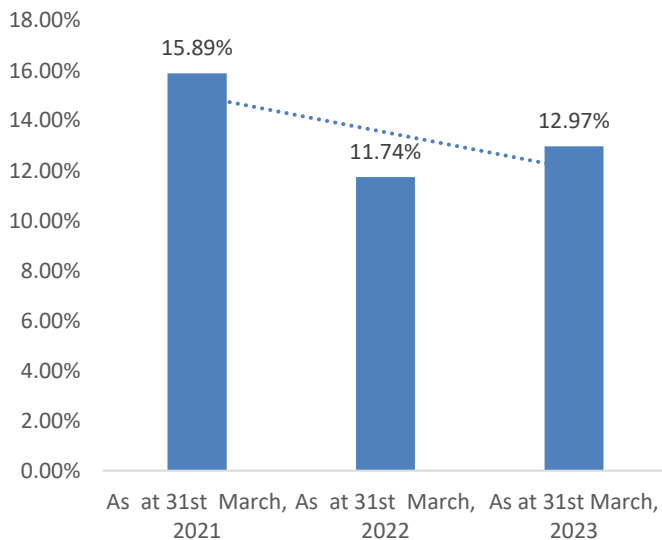
EBITDA Margin



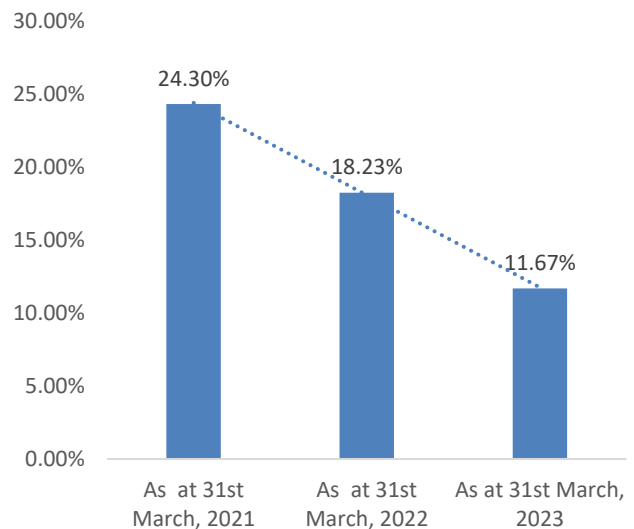
Return on Capital Employed



Net Profit Margin



Return on Equity



Key Risk Factors

1. Company, Promoters, Directors and group Companies are involved in certain litigations including tax related litigations amounting to Rs. 131.43 lacs, which if determined against the company, can affect financial conditions of the company.
2. The company global operations expose them to numerous and sometimes conflicting legal and regulatory requirements, and violation of these regulations could harm their business.
3. Company's Subsidiaries have incurred losses in the past.
4. Company has its services provided to regions outside India and so is exposed to the risk of Foreign Exchange Fluctuations.

Track Record of Lead Manager

The lead manager to the issue is Unistone Capital Private Limited and this is the 6th mandate of the lead manager. A table has been set below highlighting the details of the IPO of some of the companies handled by the Lead Manager in recent times –

Company	Issue Size (In Cr)	Listing Date	IPO Price/share (INR)	CMP (INR)#
HP Adhesives Limited	125.96	27-Dec-21	274/-	410.10
Sigachi Industries Limited	125.43	15-Nov-21	163/-	300.45
Siddhika Coatings Limited	4.7	7-Apr-21	57/-	189.00
Likhitha Infrastructure Ltd	61.2	15-Oct-20	120/-	237.30
Integrated Personnel Services Limited IPO	12.74	11- Nov-22	59/-	80.20

#CMP is taken as on 7th December 2022

Out of the last five listings, 1 opened at a discount and the rest with premiums ranging from 10.97% to 270.40% on the day of listing.

Recommendation

The company was established in the year 2000 and therefore have a good track record of existence. Company's biggest advantage comes from the strength of the full 'Microsoft Stack'. The company has an experience of over 2 decades, spanning over 750 customers. This is the highest number of Business Applications customers acquired by any partner from India.

After, the pandemic the company has shown good strength in its top line but the bottom line has comparatively decreased. The growth in top line is not extraordinary, however it is expected to come down in coming times to a sustainable level.

The management of the company is well educated and has good experience in the field of its business line. However, Dr. Suman Mian has roles and responsibilities which do not exactly match the educational qualification.

Taking into consideration the figures of FY 22, the PE of the company on post IPO basis is around 18.29 times. The company could have listed for a lower price looking at its size as compared to peers.

To conclude, the company has delivered very good projects in the recent years and has shown good growth in its financials. The industry has very good prospect and therefore, looking at the product portfolio and recent successful deliveries of the company it seems to be a good bet to take upon and so one with excess capital **may apply** in the IPO.

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.