



IPO Note

Ace Alpha Tech Limited

Recommendation: **AVOID!**

Company Background: Ace Alpha Tech is engaged in legal, accounting, bookkeeping, auditing activities, tax consultancy, market research, public opinion polling, business, and management consultancy.

Objects of the Issue –

Particulars	Amt. in Lakhs
Capital Expenditure	1,250.00
Unidentified Acquisition and General Corporate Purposes	-

Promoters Name –

Gaurav Sharma and Arika Securities Private Limited

Promoter Share Holding Pattern	
Pre Issue	Post Issue
55.80%	43.90%

Rationale for recommendation –

Ace Alpha Tech Limited, established in 2012, has good industry experience and the IPO is priced fairly at a post-issue P/E of 10.75. However, the management is not satisfactory because of reliance on one single person holding 3 designations and concentrated structure. The company's significant increase of top line, EBITDA and bottom line in FY23 makes it slightly unsustainable in the long run. The company's geographic concentration and dependency on top 10 clients add business risk. The promoter holding of 43.9% post-issue is quite low which reduces investors' confidence. The company has no unique strategies which will make it difficult for the company to sustain in the long run as the IT industry is highly fragmented and competitive. Thus, we recommend **AVOIDING** this IPO.

IPO Details

Opening Date	Jun 26, 2025
Closing Date	Jun 30, 2025
Allotment Date	Jul 01, 2025
Listing Date	Jul 03, 2025
Stock Exchange	BSE SME
Lot Size	2,000 Shares
Issue Price Per Share	₹69
Issue Size	32.22 Cr.
Fresh Issue	23.48 Cr.
Offer for Sale	7.74 Cr.
Application Amt	₹ 1,38,000 (2,000 shares)

KPIs (In Crores)

KPI's	FY 22	FY 23	FY 24	Dec-24
Revenue	32.00	489.26	1,487.12	1,154.23
EBITDA	13.96	439.79	1,379.15	1,052.43
Net Profit	13.45	332.32	1,065.40	846.79
RoCE	31.25%	116.45%	61.31%	23.34%*
ROE	30.20%	88.18%	48.20%	19.48%*
P/E	690.00	26.95	8.69	10.75*

*Annualized

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	7.94	6.42
BVPS	22,103.60	32.95
P/E	8.69	10.75
P/BV	-	2.09
Mkt Cap (In Cr)	96.67	121.15

*Annualized

Lead Managers –

Narnolia Financial Services Limited

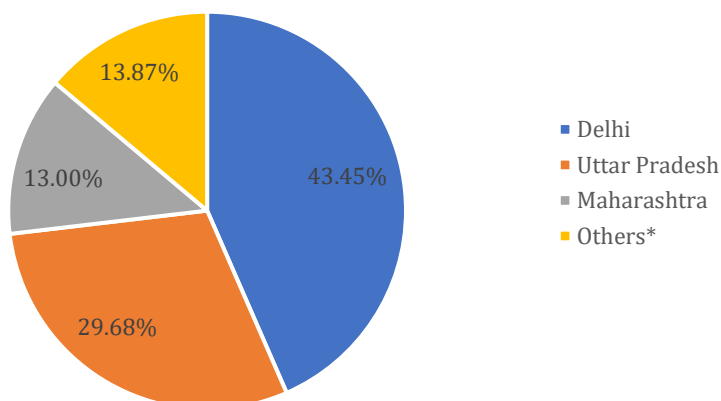
Registrar –

Skyline Financial Services Private Limited

Business Overview -

The company was established as “DM Prime Square Research & Analytics private Limited” on Oct 08, 2012. It is a financial technology company offering a comprehensive suite of trading solutions tailored for institutional investors, proprietary trading desks, brokers, and retail traders. Their offerings include Institutional Trading, B2B Retail Trading, Proprietary Trading, Custom Trading and User Management. The company uses the direct sales strategy by Employing a direct sales team to reach out to potential clients and offer personalized solutions based on their needs.

Geographical Presence (Dec-24):



*Others include Rajasthan (0.24%), Gujarat (10.17%) and Haryana (3.47%).

Revenue Model and Segment-wise bifurcation -

Particulars	FY 22	%	FY 23	%	FY 24	%	Dec-24	%
1. Licensing Fees (proprietary trading systems and other specialized software)	32.00	100.00%	149.66	30.59%	646.88	43.50%	471.89	40.88%
2. Consultation Services (personalized trading and risk management solutions)	-	-	174.69	35.70%	369.51	24.85%	175.00	15.16%
3. Technology Support and Annual Maintenance	-	-	160.91	32.89%	349.82	23.52%	365.50	31.67%
4. Customization Fees	-	-	4.00	0.82%	120.91	8.13%	141.84	12.29%
Total	32.00	100%	489.26	1.00	1,487.12	100%	1,154.23	100%

Business Strategies -

1. The company understands both information technology and the intricacies of derivatives allows for the development of advanced trading algorithms and risk management systems.
2. The company intends to expand their geographical presence.

Industry Overview -

The Indian **IT & BPM sector** is a cornerstone of the country's economy, contributing 7.5% to GDP in FY23, with expectations to reach 10% by FY25. The sector has evolved from a low-cost outsourcing hub to a global technology partner offering digital transformation, cloud computing, AI, and data analytics solutions. The sector is supported by strong digital infrastructure, rising internet penetration (76 crore users), and government initiatives like Digital India. India's IT industry is now the top global offshoring destination, with exports crossing US\$ 199 billion in FY24, dominated by IT services (53%), software products, and ER&D. The total industry size is projected to touch US\$ 350 billion by 2026.

Outlook & Analysis of the industry:

The current market conditions are very favorable for the company. As more businesses look for faster, safer, and more automated ways to trade, the demand for the company's solutions is growing. Since the company provides services like institutional trading, custom retail platforms, and support for in-house trading teams, it fits perfectly with what the market needs. Also, with more focus on rules, efficiency, and cloud-based systems, the company has a strong chance to attract more clients, grow its product offerings, and expand steadily in the long run.

FINANCIAL SNAPSHOT

Key Performance Indicators

(In lakhs)

Key Ratios

Particulars	FY 22	FY 23	FY 24	Dec-24
P&L Statement				
Total Income	36.16	494.02	1,535.38	1,271.31
Total Expenses	18.05	49.94	128.09	139.72
EBITDA	13.96	439.79	1,379.15	1,052.43
EBIT	13.96	439.33	1359.03	1014.52
PBT	18.11	444.08	1,407.29	1,131.59
Tax Expenses	4.66	111.76	341.89	284.80
Net Profit	13.45	332.32	1,065.40	846.79
Balance Sheet				
Total Equity	44.53	376.85	2,210.36	3,057.15
Assets				
Non-Current Assets	2.62	6.04	166.65	179.20
Current Assets	52.59	515.64	2,135.53	2,924.91
Total Assets	55.21	521.68	2,302.18	3,104.11
Liabilities				
Non-Current Liabilities	0.13	0.44	6.42	10.70
Current Liabilities	10.54	144.40	85.40	36.25
Total Liabilities	10.67	144.84	91.82	46.95
Cash Flow Statement				
CFO	-3.46	55.96	499.53	-1,232.36
CFI	1.53	0.88	-132.46	66.63
CFF	-0.01	-0.01	768.12	-0.01

Per Share Data

Diluted EPS	0.10	2.56	7.94	6.42
BV per share*	445.30	3,768.50	22,103.60	32.95

Operating Ratios

EBITDA Margins	43.63%	89.89%	92.74%	91.18%
PAT Margins	42.03%	67.92%	71.64%	73.36%

Inventory days

Inventory days	-	-	-	-
Debtor days	56.04	269.94	83.89	124.55
Creditor days	-	-	-	-

Return Ratios

RoCE	31.25%	116.45%	61.31%	23.34%
RoE	30.20%	88.18%	48.20%	19.48%

Valuation Ratios (x)

EV/EBITDA	-0.09	0.64	1.60	0.08
Market Cap / Sales	0.22	0.01	0.00	7.89
P/E	690.00	26.95	8.69	10.75

Price to Book Value

Price to Book Value	0.15	0.02	0.003	2.09
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Solvency Ratios

Debt / Equity	-	-	-	-
Current Ratio	4.99	3.57	25.01	25.01
Quick Ratio	4.99	3.57	25.01	25.01
Asset Turnover	0.58	0.94	0.65	0.67
Interest Coverage Ratio	1,396.00	43,933.00	-	1,01,452.00

*Annualized

FINANCIAL ANALYSIS –

- The top line has increased over the years and saw a sudden spike in FY23 by 1,428.94% which is because the company had generated income only during Jan to Mar-22 in the previous year (due to COVID-19). In FY23, they started new consultancy business which increased their clients. In FY24, it increased by 203.95% which is mainly due to their consultancy business.
- The EBITDA also by 3,050% in FY23 and by 213.59% in FY24.
- The net profit also increased by 2,370.78% in FY23 and by 220.59% in FY24.
- This sudden increase in FY23 was majorly contributed by revenue increase and overall decrease in expense in relation to total income (majorly decrease in employee benefit expense).
- The profitability margins have also increased over the years and is quite high.
- The company is almost debt free.
- The company incurred negative cash flow from operations in FY22 and Dec-24.

Overall, the financials of the company look slightly unsustainable in the long run.

Peer Analysis

Particulars	Ace Alpha Tech Limited			63 Moons Technologies Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	42.03%	67.92%	71.64%	-21.86%	-3.24%	35.88%
EBITDA Margin	43.63%	89.89%	92.74%	-25.00%	8.65%	39.54%
RoCE	31.25%	116.45%	61.31%	-2.37%	0.65%	6.80%
ROE	30.20%	88.18%	48.20%	-1.72%	-0.52%	6.65%
EPS (INR)	0.10	2.56	7.94	-11.54	-3.54	48.29
P/E	690.00	26.95	8.69	-	-	7.90

Key Management

- The management consists of **Gaurav Sharma (Chairman, Managing Director & CFO)**, aged 36 years, has overall 13 years of experience. He has been associated since 2022.
- **Nipa Gunvantlal Jain, Chandni Sharma, Manish Wahi** and **Sachin Goyal** are the **Non-Executive Directors**. They have good experience in the industry with relevant education in their respective fields.
- **Ms Priyanka (CS & Compliance Officer)** has limited experience of 3 years.

Outlook: Overall, the management is not very satisfactory as it raises governance concerns since there is reliance on one single person and there is no second line of management to balance decisions.

Risk Factors –

- The company is highly dependent on their top 10 customers for their revenue generation (82% as of Dec-24)
- The company is heavily dependent on Delhi and Uttar Pradesh for generating majority of their revenue.

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