

IPO Details	
Opening Date	July 06, 2023
Closing Date	July 11, 2023
Stock Exchange	BSE SME
Lot Size	1600 shares
Issue Price	₹ 90 per share
Issue Size	6,32,000 Equity Shares
Application Amount (@ upper band for retail investors)	₹ 1,44,000
Amount Raised	₹1.70 Cr – Fresh ₹ 3.99 Cr – OFS
(Issue Type)	(Fresh Issue and Offer for sale)

IPO Objective		
1. Long-Term Requirements	Working	Capital
2. General Corporate Purposes.		

Pre-Issue Shareholding			
Category	No. of Shares	% of Total Shares	
Promoter & Promoter Group	19,60,000	100 %	
Public	-	-	

Promoter of the Company	
1.	Mr. Kunal Arvind Shah
2.	Mr. Keyur Dipakkumar Shah

Competitive Strengths	
1.	Integrated Technology Platform.
2.	Specialty DXP Platforms.
3.	Accessibility Compliance.
4.	Experienced Promoter.
5.	Magnet Global Network.

Company Background	
○	AccelerateBS Limited was originally incorporated as on May 20, 2011, based in Mumbai, and having satellite development center in Ahmedabad.
○	The company is a Digital Technology Services company offering multitude of boutique technology services to both B2B and B2C companies around the world.
○	The company has experience doing builds for regulated industries like Insurance, Financial Services, Pharma and Healthcare service providers.
○	On the DXP Platform side the company is a listed and a certified solution/service partner with Crownpeak Technology, Inc. USA, Contentful, Germany and Optimizely, London.
○	As on date of filing of Red Herring Prospectus, company have 38 employees on their payroll.

Market Capitalization (In. Cr.)	
Pre-Issue	Post-Issue
17.64	19.34

Financial Summary (In Lacs.)			
For the Period Ended	Mar-21	Mar-22	Jan-23
Total Assets	180.95	200.65	283.25
Net Assets	102.46	111.03	205.42
Total Borrowings	24.00	45.34	33.82
Total Revenue	449.97	352.21	338.94
Profit After Tax	42.53	25.91	59.22

Tentative Timeline	
Opening Date	July 06, 2023
Closing Date	July 11, 2023
Basis of Allotment	July 14, 2023
Initiation of Refunds	July 17, 2023
Credit of Shares to Demat	July 18, 2023
Listing Date	July 19, 2023

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Company Overview

AccelerateBS Limited was incorporated in the year 2011. The company is an ISO/IEC 27001:2022 and ISO 9001:2015 certified organization for Digital Technology Services provider with custom software development and consulting services. The company is a Digital Technology Services company offering multitude of boutique technology services to both B2B and B2C companies around the world. The company's services include Digital Technology Services, DXP (Digital Experience Platforms) Consulting and Implementation Services, Digital projects, custom software development and consulting services, delivering powerful and scalable software systems. The company have built 100% inhouse capabilities across DXP platforms like Crownpeak, Optimizely, Contentful and Strapi are the some of the industry leading enterprise DXP platforms that the company specialize in. The company have full-spectrum capabilities across these platforms and this includes Front-end, Middleware, Backend, DXP layers as well as custom integrations with products like Salesforce, Marketo, Brightcove, Adobe Omniture, SAP Commerce etc. On the DXP Platform side, the company is a listed and a certified solution/service partner with Crownpeak Technology, Inc. Denver, USA, Contentful, Germany and Optimizely, London. The company is also one of the oldest and the experienced Crownpeak practice in India. They are now officially a part of Magnet Network.

Analysis

Being in operations since 2011, the company has decent experience in the business. They provide Digital Technology Services to companies around the world. The company provides and offers a complete range of custom software development and consulting services. Some of the tools and technologies the company works with daily include – Digital Applications, DXP, Web and Mobile Apps, Cloud Infrastructure, QA & Test Automation, WCAG, and Custom Chatbots and Voice bots. DXP which is an acronym to Digital Experience Platforms Implementations is a software platform that manages digital experience across a broad range of digital touchpoints.

DXP Platform can be used for building websites in a very interactive and fun way. It is company's one of the specialities where the company helps setup, maintain, integrate, and scale these DXP platforms per the business needs, which leads to efficient and scalable digital systems. The company also has experience in industries like Insurance, Financial Services, Pharma and Healthcare service providers. The

company operates in both domestic (officially part of Magnet Network) and international platforms with Companies such as Crownpeak Technology, Inc, Contentful, and Optimizely.

The Import and Export bifurcation of the company for FY-21, FY-22, and as on Jan 31st, 2023, is given down below-

Particulars	Jan-23	%	FY 2021-2022	%	FY 2020-2021	%
Domestic	43.33	12.78	41.9	11.90	-	-
Export	295.6	87.22	310.31	88.10	449.97	100.00
Revenue from Operations	338.93	100	352.21	100	449.97	100

The revenue bifurcations as on 31st Jan 2023 collected by the company is given below-

Revenue	Jan-23	%
Domestic		
Karnataka	43.32	12.78%
International		
New York	175.67	51.83%
Michigan	16.78	4.95%
North Carolina	38.10	11.24%
Colorado	49.25	14.53%
Massachusetts	15.79	4.66%
Total	338.93	100%

To conclude, the company operates in a competitive segment. Most of the company's revenue is through exports; majority from New York with Crownpeak, Optimizely, Contentful, and Strapi being the prominent enterprise for DXP products which is one the company's specialities.

Industry Charts

Exhibit 1: Growth in Export Revenue (US\$ billion)

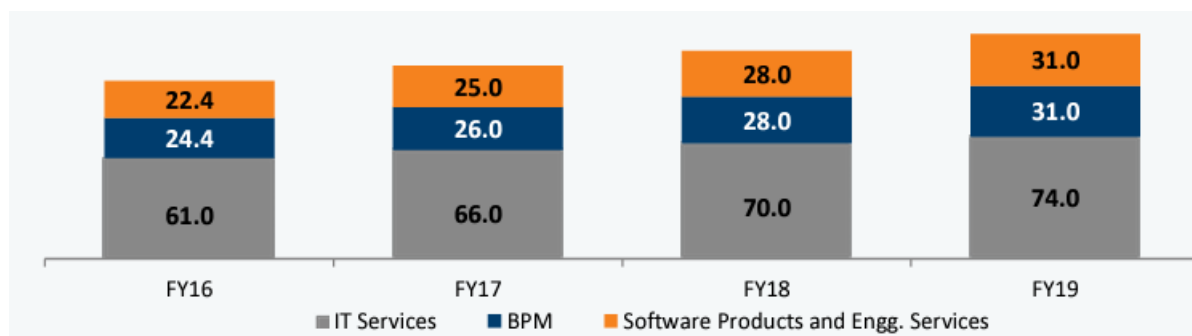
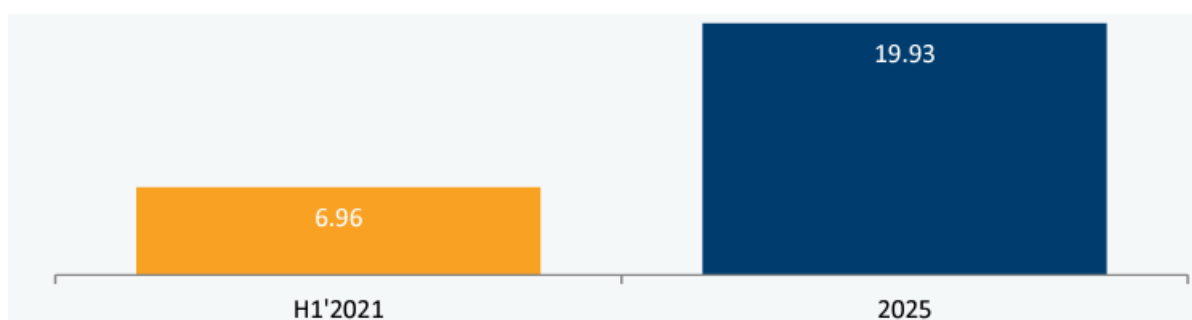


Exhibit 2: Indian IT & Business Service Industry (US\$ billion)



(Source- www.ibef.com)

Investment Overview

Indian IT Industry Overview

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.

Indian Digital Technology Industry Overview

Each year, NASSCOM publishes its flagship report – the Strategic Review: The Technology Sector in India – that is considered the bible for the technology industry. This year's edition focuses on the theme "Resilience to Resurgence" and explores how various stakeholders partnered together to navigate the challenges posed by the pandemic and overcome these successfully. As a result, FY2022 is a tipping point for the industry – the year in which the industry crossed \$200 Bn in total revenue and 5 Mn in total workforce. The report examines the driving factors behind this growth via the Trends that Defined FY2022.

It also analyses in detail six global megatrends that have become prominent as a result of the pandemic and how technology is being/can be leveraged to address these areas. With an aim to define the future, the report carries, for the first time ever, NASSCOM's TECH Scope Framework that has looked deep into the top 25

technology that will be key to unlocking value over the next 3 to 10 years. Finally, the report also presents the short-term outlook (FY2023) – a sentiment analysis of both the enterprise (end-user industries) and the technology industry perspectives – both indicate a highly positive outlook for technology.

FY 2023 growth opportunities

Infrastructure and managed services, consulting; Platform BPM, data management & RPA; ER&D will see deeper penetration of engineering cloud. The software product segment will see greater offtake of productivity software, cybersecurity solutions. Finally, eCommerce industry is set to get further disrupted by the fast-growing interest around metaverse, driven by the need for more personalised experiences.

(Source- Prospectus)

Addressable market for AccelerateBS India Limited

Company currently operates in various North American Region i.e., New York, Michigan, North Carolina, Colorado, and Massachusetts and has very fewer domestic sales with Karnataka being the only state the company provides its services to starting from the FY-22. With a constant increase in the demand for IT, and Digital Technology globally and in India the company can increase its revenue by expanding their services to South American regions and solid footing in the existing North American regions. The highest growth for the company can be achieved by expanding their services domestically majorly concentrating on the metropolitan cities in India.

Competition

The company operates in a competitive atmosphere. The company faces competition from both organized and unorganized players in the market, USA being their main competitor. The company faces competition from domestic and international firms. The industry generally has less barrier to entry.

PEER ANALYSIS

As mentioned in the prospectus there are 5 peer company viz. Happiest Minds Technologies Limited, Persistent Systems Limited, Kellton Tech Solutions Limited, Saksoft Limited, and CG- Vak Software & Exports Limited. An analysis of the same has been given below-

Particulars	AccelerateBS India Limited			Happiest Minds Technologies Limited			Persistent Systems Limited		
	Mar-22	Mar-21	Mar-20	Mar-22	Mar-21	Mar-20	Mar-22	Mar-21	Mar-20
Net Profit Margin	7%	9%	14%	17%	21%	10%	12%	11%	10%
EBITDA Margin	13%	15%	21%	24%	25%	14%	17%	16%	14%
Return on Capital Employed	27%	59%	179%	30%	26%	26%	20%	18%	13%
Return on Equity	23%	42%	129%	27%	30%	31%	20%	16%	14%
EPS (INR)	2.57	4.22	6.78	12.34	11.06	14.52	90.34	58.97	44.53

Particulars	Kellton Tech Solutions Limited			Saksoft Limited			CG- Vak Software & Exports Limited		
	Mar-22	Mar-21	Mar-20	Mar-22	Mar-21	Mar-20	Mar-22	Mar-21	Mar-20
Net Profit Margin	8%	9%	9%	13%	12%	11%	17%	16%	10%
EBITDA Margin	12%	14%	15%	16%	17%	17%	24%	23%	15%
Return on Capital Employed	18%	20%	20%	21%	20%	23%	26%	26%	18%
Return on Equity	15%	17%	17%	20%	17%	19%	22%	22%	16%
EPS (INR)	7.30	7.38	7.32	6.00	4.33	3.67	17.88	13.78	7.60

From the above analysis, all the profit margins and EPS of the company is lower when compared to the peer companies, and the RoCE and ROE of the company is slightly less when compared to its peers for the FY-22.

Promoters' Profile and Management Analysis

Mr. Kunal Arvind Shah



- Mr. Kunal Arvind Shah, aged 38, is the Promoter, Chairman and Managing Director of the Company.
- He holds a master's degree in computer science and a bachelor's degree in engineering.
- He has an experience of around 15 years in the Digital Technology Services Industry.

Mr. Keyur Dipakkumar Shah



- Mr. Keyur Dipakkumar Shah, aged 38, is the Promoter and Whole-time Director of the Company.
- He holds a master's degree in computer science and bachelor's degree in engineering.
- He has experience of around 15 years in technology, quality and digital marketing.

Analysis on the Company's Promoter and Board of Directors

Mr. Kunal Arvind Shah, aged 38, is the Chairman, Managing Director and one of the promoters of the company. He holds master's degree in computer science and a bachelor's degree in engineering. He has an experience of around 15 years in the Digital Technology Services Industry. He gives directions to the company and is responsible for planning and executing the expansions and diversification of the company.

Mr. Keyur Dipakkumar Shah, aged 38, is the Whole-Time Director and one of the promoters of the company. He has completed master's degree in computer science and a bachelor's degree in engineering. He has an experience of around 15 years in technology, quality and digital marketing. He is responsible for day-to-day operations of the company.

Ms. Ishani Kunal Shah, aged 38, is the Executive Director of the company. She holds a master's degree in computer application and a bachelor's degree in computer application and is a Sun certified Programmer in the Java 2 Platform 1.4.

Ms. Ami Keyur Shah, aged 37, is the Executive Director and Chief Financial Officer of the company. She holds a Post Graduate Diploma Degree in Management, and a master's degree and bachelor's degree in commerce. She has an experience of around 15 years in the field of accounts and finance.

Mr. Krunal Bhupendra Katwala, aged 35, is the Non-Executive Independent Director of the Company. He is a Chartered Accountant by professional and is a Fellow Member of Institute of Chartered Accountants of India. He has been practicing since 2013.

To conclude, the company has two promoters, and both the promoters have vast experience and knowledge in the industry in which the company operates in. The remaining directors as well have good experience and knowledge in the fields which help in the growth of the business.

Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2021	As at 31st March, 2022	As at 31st, Jan 2022
<u>Profit and Loss</u>			
Revenue from operations	449.97	352.21	338.94
Other income	1.95	3.48	8.88
Total Revenue	451.92	355.69	347.82
Expenses	382.30	308.09	253.43
Depreciation and Amortisation Cost	7.37	6.93	7.49
Finance Cost	0.36	2.67	4.38
Total Expenses	390.03	317.69	265.30
PBT	61.89	38.00	82.52
PBT Margin	13.75%	10.79%	24.35%
EBITDA	67.67	44.12	85.51
EBITDA Margin	15.04%	12.53%	25.23%
Net Profit	42.53	25.91	59.22
Net Profit Margin	9.45%	7.36%	17.47%
<u>Balance Sheet</u>			
Total Borrowings	24.00	45.34	33.82
Net Worth	102.46	111.03	205.42
Fixed Assets	39.56	34.27	54.24
Net Working Capital	63.13	103.03	177.70
<u>Financial Measures (Annualised)</u>			
Inventory Turnover Ratio	-	-	-
Receivables Turnover Ratio	-	21.33	7.29
Payables Turnover Ratio	-	-	-
Fixed Assets Turnover Ratio	11.37	10.28	8.99
Return on Capital Employed	58.73%	27.08%	22.75%
Return on Equity	41.51%	23.34%	18.35%
Debt-Equity Ratio	0.23	0.41	0.06
Interest Coverage Ratio	167.50	13.93	17.81

(The data has been taken and calculated from the financials given in the prospectus)

Earnings Before Interest, Taxes, Depreciation, and Amortization

The EBITDA of the company has decreased from Rs. 67.67 lacs in 2021 to Rs. 44.12 lacs in 2022, and as on 31st Jan 2023 it was at Rs. 85.51 lacs and on an annualized basis it is at Rs. 102.61 lacs growing at a CAGR of 23.14%. The EBITDA margin in 2021 was at 15.04%, 12.53% in 2022, and as on 31st Jan 2023 it was at 25.23%. The decrease in the EBITDA in FY-22 is due to a decrease in the revenue of the company and is at 85.51 lacs in Jan 2023 due to a decrease in the professional fees, and Interest charges. The increase in the EBITDA from Mar-22 to Jan-23 is due to a decrease in the percentage contribution towards employee benefit expenses.

Net Profit

The Net Profit of the company has decreased from Rs. 42.53 lacs in 2021 to Rs. 25.91 lacs in 2022, and as on 31st Jan 2023 it was at Rs. 59.22 lacs, on an annualized basis it is expected to be around Rs. 71.06 lacs growing at a CAGR of 29.26%. The Net Profit Margin in 2021 was at 9.45%, 7.36% in 2022, and as on 31st Jan 2023 it was at 17.47%. The decrease in the Net Profit during FY-22 is due to a decrease in the revenue for the company and an increase in the finance cost and is at 59.22 lacs in Jan 2023 due to an increase in the other income of the company. The increase in the Net Profit margin from Mar-22 to Jan-23 is due to a decrease in the percentage contribution towards total expenses (ex. other expenses).

Finance Cost

The company's finance costs mainly comprise of Interest on Borrowings.

Financial Measures/Ratios

The RoCE of the company as of 31st Jan 2023 is at 58.73%, 27.08% in 2022, and 33.64% in 2021. The increase in the RoCE of the company as of 31st Jan 2023 is due to an increase in the EBIT for the company. With the increase in the equity base of the company through IPO, the ROCE on Post-IPO basis is expected to fall.

The ROE of the company in 2021 is at 41.51%, 23.34% in 2022, and as on 31st Jan 2023 it was at 28.83%. The increase in the ROE of the company as of 31st Jan 2023 is due to an increase in the Net Profit. ROE on a post-IPO basis is expected to fall.

The receivables turnover ratio in 2021 was nil, in 2022 it was at 21.33 times and as on 31st Jan 2023 it was at 6.07 times, there is no proper trend in the receivables turnover ratio to come to any conclusion.

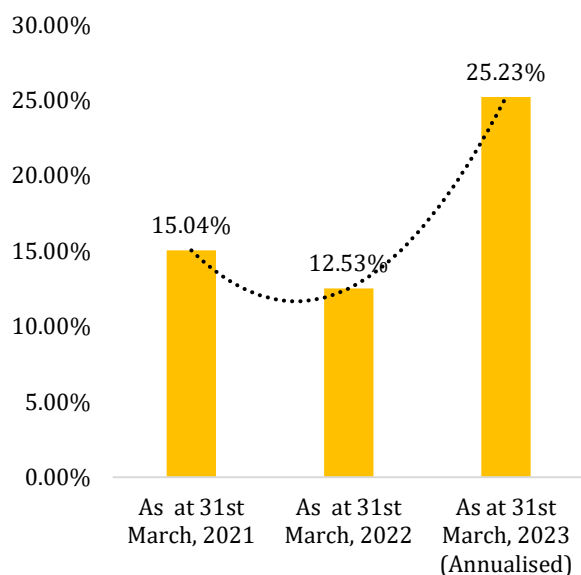
Fixed Asset Turnover ratio has decreased from 11.37 times in 2021 to 10.28 times in 2022, and as on 31st Jan 2023 it was at 6.25 times. The decrease in the turnover ratio as of 31st Jan 2023 is due to an increase in the Fixed Assets (Plant, Property, and Equipment).

The Debt-Equity ratio in 2021 was at 0.23 times, 0.41 times in 2022 as on 31st Jan 2023 is at 0.16 times and is expected to decrease to 0.06 times on a post-IPO basis. The company is not highly leveraged.

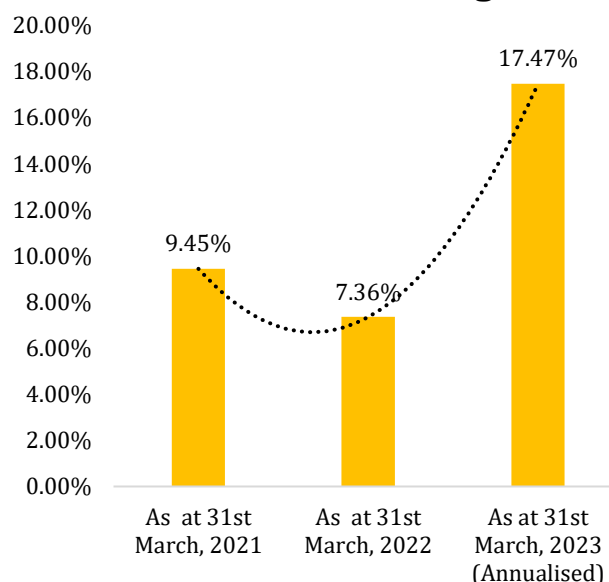
The interest coverage ratio in 2021 was at 167.50 times, decreased to 13.93 times in 2022, and as on 31st Jan -2023 it is at 17.81 times. The interest coverage ratio for the company is good.

Financial Charts

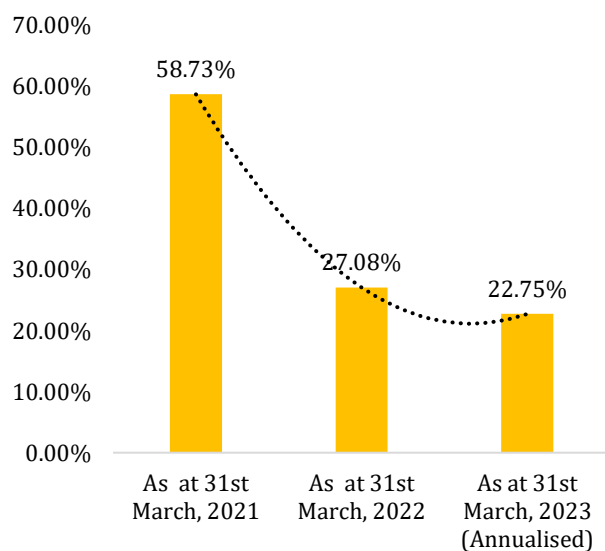
EBITDA Margin



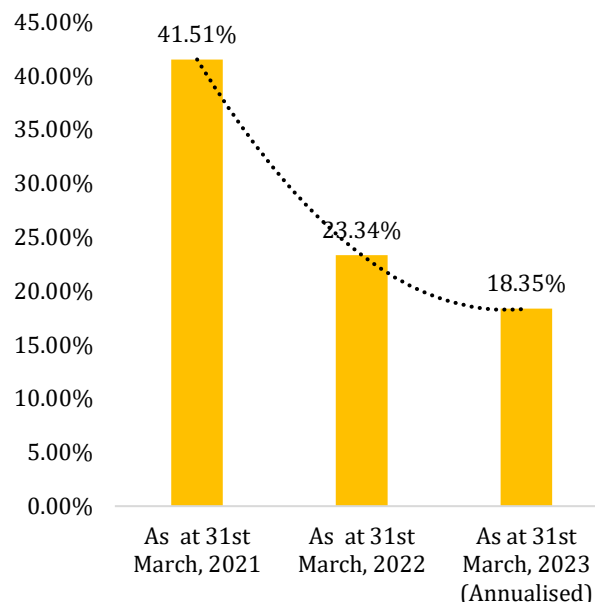
Net Profit Margin



Return on Capital Employed



Return on Equity



Key Risk Factors

1. Company revenues from operations are highly dependent on customers located in the United States. Worsening economic conditions or factors that negatively affect the economic conditions of the United States could materially adversely affect the business, financial condition and results of operations. For the period ended January 31, 2023, and September 08, 2022, and for the financial years ended March 31, 2022, 2021 and 2020, the external customers located in the United States contributed 85.39%, 88.86%, 88.11%, 100.00% and 100.00% of the revenue from operations, respectively.
2. The company is dependent on top 5 customers for the revenues. Further do not have any long-term commitments from customers and any failure to continue the existing arrangements could adversely affect the business and results of operations. The top five customers for the period ended January 31, 2023 accounted for 83.76 % and for September 08, 2022, and financial years ended March 31, 2022, March 31, 2021 and March 31, 2020 accounted for 100.00% each of the revenue from operations.
3. The company have experienced negative cash flow in FY-22. Any operating losses or negative cash flows in the future could adversely affect the results of operations and financial condition.

Track Record of Lead Manager

The lead manager to the issue is Shreni Shares Private Limited. A table has been set below highlighting the details of the IPO of the last 8 companies handled by the Lead Manager in recent times –

Sr. No	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP* (INR)
1.	Sancode Technologies Limited	5.15	47.00	April 18, 2023	62.00
2.	Bright Outdoor Media Limited	55.48	146.00	March 24, 2023	252.55
3.	Srivasavi Adhesive Tapes Limited	15.50	41.00	March 09, 2023	83.50
4.	Arihant Academy Limited	14.72	90.00	December 29, 2022	102.00
5.	PNGS Gargi Fashion Jewellery Limited	7.80	30.00	December 20, 2022	170.00
6.	Amiable Logistics (India) Limited	4.37	81.00	November 16, 2022	78.00
7.	DAPS Advertising Limited	5.10	30.00	November 14, 2022	31.5**
8.	Ameya Precision Engineers Limited	7.14	34.00	September 08, 2022	39.00
9.	Olatech Solutions Limited	1.89	27.00	August 29, 2022	118.00
10.	SKP Bearing Industries Limited	30.80	70.00	July 13, 2022	170.90

*CMP is mentioned as on 3rd July 2023

**DAPS Advertising Limited CMP is mentioned as on 28th June 2023.

As per the offer document Shreni Shares Private Limited have had 16 mandates in the last three fiscal years. For Shreni Shares Private Limited out of the last 10 that are mentioned above, 1 opened at discount, and the remaining opened at premiums ranging from 4.28% to 60.43%. Thus, has a good track record.

Recommendation

The company has been into this industry since 2011 and has a good experience in the industry but are majorly operated in the international markets. The company has seen a sudden surge in the profitability margins which cannot be sustained going forward.

The business segment the company operates in is highly fragmented and highly competitive, it faces competition from both organised and unorganised players.

The management outlook is good, it has two promoters, both the promoters have good experience in the international markets.

The company is getting listed with a P/E of around 74.64 times which makes the stock overpriced, when compared to its industry PE.

In conclusion, the company has shown a sudden growth in the EBIT margins and net profit margins, which cannot be sustained going forward. The business segment in which company operates is not unique and faces high competition from both organized and unorganized players. The company operates majorly in the international markets and not yet have ventured more into the domestic market. The majority of the amount being raised from the market are mostly utilised for Offer for sale and at the current P/E the company is highly overvalued making this stock a risky buy; therefore, one can **AVOID** applying to this 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.