Xtranet Technologies Ltd.

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IPO Note **22nd July 2026**

Company Overview

Incorporated in 2002, Xtranet Technologies Limited (XTL) is an integrated information technology (IT) solutions provider offering end-to-end technology solutions to government departments, public sector undertakings (PSUs) and private enterprises across sectors such as defence, railways, financial services, manufacturing, healthcare and education. The company helps organizations design, implement and manage their IT infrastructure through a comprehensive portfolio of enterprise applications, managed services, digital transformation solutions and proprietary software platforms. Its offerings include ERP implementation, IT system integration, data centre and command centre solutions, cloud infrastructure, application development and long-term infrastructure management. During FY26, Managed Services was the largest business segment, contributing 40.5% of revenue, followed by Enterprise Applications (33.2%), Digital Services (15.9%) and Proprietary Platforms & Products (10.3%), reflecting a well-diversified service portfolio. The company has also developed proprietary platforms such as Synergy for workflow automation and XtraTrust for digital signature and Public Key Infrastructure (PKI) services, enabling it to provide integrated technology solutions across the enterprise IT value chain. The company operates through a distributed delivery network with offices across Bhopal, New Delhi, Mumbai, Ahmedabad, Jaipur and Bengaluru, along with an associate company in the UAE to support international operations. Its business model combines consulting, hardware procurement, system integration, installation, commissioning and post-implementation support, with revenue generated through fixed-price contracts, recurring managed service agreements and time-and-material engagements. Xtranet serves a diversified customer base, with 52.9% of FY26 revenue generated from private enterprises and the remaining 47.1% from government departments and PSUs, providing a balanced mix between public and private sector clients. Its operations are further supported by specialized subsidiaries focused on BPO services, digital signature certification and business intelligence & analytics, while CMMI Level 5 appraisal and multiple ISO certifications underscore its execution capabilities and quality standards.

Objects of the issue

The offer comprises entirely a fresh issue of Rs. 167 crores. The objects of the offer are to:

- ⇒ Repayment/pre-payment, in full or in part, of certain outstanding borrowings availed by the company;
- ⇒ Capital expenditure by the company for purchase and installation of systems and hardware;
- ⇒ Working capital requirements; and
- ⇒ General corporate purposes.

Investment Rationale

Established execution capabilities and strong order pipeline support long-term growth

Xtranet has established a strong position in executing technology-led digital transformation projects for government departments, public sector undertakings (PSUs) and private enterprises, positioning itself as a specialized system integrator rather than a conventional IT services provider. The company has developed deep domain expertise across industries including government, defence, law enforcement, financial services, manufacturing, healthcare and education, with capabilities spanning Smart City Integrated Command & Control Centres (ICCCs), State Data Centres, disaster recovery sites, digital policing platforms, e-governance applications and enterprise IT infrastructure. Its ability to execute the complete project lifecycle, from solution design and system integration to implementation, infrastructure management and long-term support, enables it to undertake complex, multi-year technology modernization projects while strengthening customer relationships through long-term engagements. The company has built a proven execution track record by successfully completing 143 direct projects and 32 indirect projects during FY24-FY26, establishing the technical credentials and domain expertise often required to qualify for large government technology contracts. Participation in such projects involves stringent technical and financial eligibility criteria, creating meaningful entry barriers for new participants and strengthening Xtranet's competitive positioning. These capabilities have enabled the company to build relationships with marquee clients including BSNL, EPFO, Indian Oil, Delhi Police, Mumbai Metro, RailTel, HDFC, Honeywell, Hewlett Packard Enterprise and Reliance, while also generating repeat business from existing customers. This is reflected in its healthy 43% bid-to-win ratio for direct contracts and an order book of Rs. 357 crores as of April 30, 2026, providing healthy near-term revenue visibility. With governments and enterprises continuing to accelerate in-

Issue Details	
Offer Period	23rd July 2026 - 27th July 2026
Price Band	Rs. 120 - Rs. 127
Bid Lot	110
Listing	BSE & NSE
Issue Size (no. of shares in crores)	1.3
Issue Size (Rs. in crores)	167
Face Value (Rs.)	10

Issue Structure	
QIB	50%
NII	35%
Retail	15%

BRLM	Share India Capital Services Private Ltd.
Registrar	KFin Tech. Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	83.63	62.62
Public	16.37	37.38
Total	**100.0**	**100.0**

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

vestments in digital infrastructure, e-governance and smart city initiatives, Xtranet's established execution capabilities and healthy project pipeline position it well to capitalize on the growing demand for integrated IT solutions.

Proprietary platforms and integrated digital trust infrastructure differentiate the business model

Unlike conventional IT service providers that primarily focus on implementation and consulting services, Xtranet has built a differentiated business model by combining proprietary software platforms with specialized digital trust infrastructure and end-to-end project execution capabilities. Through its in-house platforms such as Synergy, a low-code workflow automation platform, and X-ERP, the company is able to standardize solution delivery, accelerate application development and provide customized enterprise solutions across multiple industries. Complementing these capabilities is XtraTrust, a subsidiary licensed by the Ministry of Electronics and Information Technology (MeitY) as a Certifying Authority (CA), enabling the company to issue Digital Signature Certificates (DSCs) and provide Public Key Infrastructure (PKI), e-Sign and digital authentication services. This rare regulatory capability not only differentiates Xtranet from most mid-sized IT service providers but also enables it to participate in secure, compliance-driven digital transformation projects where trust and authentication are integral to the solution. The company further strengthens customer stickiness through an integrated delivery model spanning consulting, hardware procurement, system integration, application deployment and long-term operations and maintenance (O&M), allowing it to act as a single technology partner throughout the project lifecycle. This integrated approach creates opportunities for recurring engagements, cross-selling of higher-value digital solutions and long-term managed service contracts. Managed Services contributed to 40.5% of FY26 revenue, making it the company's largest business segment. The company has achieved CMMI Level 5 appraisal, the highest globally recognized software process maturity certification developed in the United States, along with multiple ISO certifications for quality, information security and IT service management. These certifications reflect Xtranet's standardized software development and project execution processes, enhancing its ability to deliver complex, mission critical technology projects. Combined with its proprietary platforms and specialized regulatory capabilities, the company is well positioned to deliver differentiated technology solutions and strengthen its competitive position in the growing digital transformation market.

Valuation

Xtranet Technologies Limited (XTL) is a niche IT solutions provider with over two decades of experience in delivering integrated technology solutions across enterprise applications, managed services, digital services and proprietary platforms. The company has established a differentiated position in the domestic IT services industry through its expertise in government-led digital transformation, end-to-end system integration capabilities and proprietary digital trust infrastructure. Its healthy order book of Rs. 356.9 crores, strong 43% bid-to-win ratio, and long-standing relationships with government, PSU and enterprise clients provide healthy revenue visibility and position the company to benefit from the increasing adoption of digital infrastructure and e-governance initiatives in India. On the financial front, the company has delivered a healthy growth trajectory over FY24-FY26, with revenue from operations increasing from Rs. 233 crores in FY24 to Rs. 365 crores in FY26, representing a 2-year CAGR of 25%. The growth was primarily driven by a strategic shift towards higher-margin service-led engagements, increasing contribution from Managed Services, Digital Services and proprietary platforms, along with strong execution across government and enterprise digital transformation projects. EBITDA more than tripled to Rs. 63 crores, while EBITDA margin expanded sharply by 891 bps to 17.3%, supported by an improved revenue mix, higher share of recurring managed services, deployment of proprietary platforms such as Synergy and XTL, and operating leverage arising from scale. PAT also increased nearly fourfold to Rs. 41 crores in FY26 from Rs. 11 crores in FY24, with net profit margin improving from 4.7% to 11.1% over the same period. The company continues to generate healthy return ratios, reporting RoE of 34.8% and RoCE of 32.5% in FY26, reflecting efficient capital allocation and improving operating efficiency. Its business also enjoys healthy revenue visibility, with an order book of approximately Rs. 357 crores, broadly equivalent to its FY26 revenue, supporting near-term growth prospects. At the upper price band of Rs. 127, the issue is valued at a P/E of 12.2x based on FY26 diluted EPS of Rs. 10.2, representing a 65% discount to the median valuation of listed peers. This discount is partly justified by XTL's relatively smaller scale, with a post issue market capitalization of Rs. 687 crores, equivalent to nearly one third of Silver Touch, about

40% of Dynacons and around 1% of Coforge. Xtranet delivered the second highest revenue growth (32.3% YoY) among peers, the highest RoNW (29.6%), and EBITDA and PAT margins broadly comparable with the peer group. We believe the current valuation offers an attractive risk reward proposition. **Accordingly, we recommend a "SUBSCRIBE" rating for the issue with a long-term investment horizon.**

Key Risks:

⇒ **High dependence on Government and PSU contracts**: Nearly half of the company's revenue is derived from Government and PSU clients through competitive bidding. Any inability to meet pre-qualification criteria, secure new contracts, or delays in project awards could impact order inflows, revenue growth and profitability. In addition, government projects typically involve longer receivable cycles, which may keep working capital requirements elevated.

⇒ **Execution dependent on bank guarantees and working capital**: Most projects require performance bank guarantees of 5-10% of contract value and retention money of up to 10%. Higher working capital requirements or any inability to arrange bank guarantees on favourable terms could restrict the company's ability to participate in new projects and affect execution.

⇒ **Talent retention remains critical**: As a technology solutions provider, Xtranet relies on skilled IT professionals for project execution and customer support. Higher employee attrition, wage inflation or challenges in attracting and retaining qualified talent could increase operating costs and affect project delivery.

⇒ **Customer concentration and order continuity**: The company's growth depends on its ability to retain existing customers while continuously securing new projects. Failure to maintain long-term customer relationships or win repeat orders may adversely impact revenue growth and business visibility.

⇒ **Supplier dependence for project execution**: The company procures hardware and networking equipment from a limited number of suppliers, with around 60% of purchases concentrated among its top three vendors. Any disruption in the supply chain, pricing pressures or delays in procurement could impact project execution timelines and profitability..

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Income Statement (Rs. in crores)

Particulars	FY24	FY25	FY26
Revenue			
Revenue from operations	233	276	365
Total revenue	**233**	**276**	**365**
Expenses			
Purchase of Stock in Trade	168	179	223
Changes in the inventories of stock in trade	(19)	(25)	1
Employee benefits expense	21	24	30
Other Expenses	43	53	48
Total operating expenses	**213**	**230**	**302**
EBITDA	**19**	**46**	**63**
Depreciation and amortisation expense	1	2	6
EBIT	**18**	**44**	**57**
Finance costs	3	5	6
Other Income	0	0	1
PBT	**16**	**39**	**52**
Tax Expense	4	10	11
PAT	**12**	**29**	**41**
Share of Profit/(Loss) of Associate and Joint Venture	(1)	1	0
Net Profit	**11**	**30**	**41**
Diluted EPS	**3.17**	**8.15**	**10.4**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in crores)

Particulars	FY24	FY25	FY26
Cash Flow from operating activities	(1)	9	28
Cash flow from/(used in) investing activities	(16)	(30)	(68)
Net cash flows (used in) / from financing activities	19	20	40
Net increase/(decrease) in cash and cash equivalents	**2**	**(2)**	**0**
Cash and cash equivalents at the beginning of the period	**1**	**3**	**1**
Cash and cash equivalents at the end of the period	**3**	**1**	**1**

Source: RHP, BP Equities Research

Xtranet Technologies Ltd.

Balance Sheet (Rs. in crores)

Particulars	FY24	FY25	FY26
Assets			
Non-Current Liabilities			
Property, Plant and Equipment	8	14	48
Capital Work-in-Progress	6	17	25
Intangible Assets (incl. Goodwill & ROU)	4	10	12
Investments	0	1	2
Other Financial Assets	11	21	37
Other Non-Current Assets (incl. DTA)	0	0	5
Total Non-current Liabilities	**29**	**63**	**129**
Current Liabilities			
Inventories	55	80	79
Trade Receivables	100	162	114
Cash and Cash Equivalents	3	1	1
Loans	7	-	-
Other Financial Assets	1	2	1
Other Current Assets	9	14	19
Total Current liabilities	**175**	**259**	**214**
Total Assets	**204**	**322**	**343**
Equity and Liabilities			
Equity			
Equity Share Capital	7	8	39
Other Equity	32	88	97
Equity Attributable to Owners of the Company	**39**	**96**	**136**
Non-Controlling Interest	2	1	0
Total Equity	**41**	**97**	**136**
Non-current liabilities			
Financial Liabilities (Borrowings)	19	17	42
Other Non-Current Liabilities (incl. Provisions & DTL)	1	1	1
Total Non-current Liabilities	**20**	**18**	**43**
Current liabilities			
Borrowings	23	22	44
Trade Payables & Other Financial Liabilities	112	169	94
Other Current Liabilities (incl. Tax & Provisions)	8	16	26
Total Current Liabilities	**143**	**207**	**164**
Total Equity and Liabilities	**204**	**322**	**343**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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