IPO REVIEW

Excelsoft Technologies IPO

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- The company is engaged in providing global vertical SaaS solutions and services.
- The company marked growth in its top lines till FY25, but posted severe setback in bottom line for FY24.
- The company is operating in a highly competitive and fragmented segment.
- Based on its recent financial data, the issue appears aggressively priced.
- Only well-informed/cash surplus/risk seekers may park moderate funds for long term.

About the Company

Excelsoft Technologies Ltd. (ETL) is a global vertical SaaS company focused on the learning and assessment market. As per Arizton Report, the global SaaS market has seen rapid growth, with vertical SaaS emerging as a dominant trend that promises specialized, industry-tailored solutions. This shift has positioned vertical SaaS to grow at an even faster pace than general SaaS, with estimates suggesting that vertical SaaS could account for nearly 50% of the SaaS market by 2030. With over two decades of experience, the company provides technology-based solutions across diverse learning and assessment segments through long- term contracts with enterprise clients worldwide. Its platforms are cloud-based with open and industry standards-compliant APIs, ensuring scalability across organizations and users. Security and performance are core to its product offerings.

ETL’s focus is on assessment market through AI based Assessment & Proctoring Solutions. Qualifications and certification bodies, awarding and credentialing bodies, admission tests councils, corporates & government entities use its Saras eAssessment platform and easyProctor remote proctoring product to deliver high-stakes examinations and tests to their end users. Certification agencies such as The Chartered Quality Institute uses the platform to create and deliver online certification exams. For Pearson Professional Assessments Limited, the Company provides a comprehensive assessment platform using which large scale online, high stakes assessments are delivered in organizations including Government Agencies and Universities. Qualifications agencies such as Training Qualifications UK (TQUK) and AQA Education and higher education agencies such as Colleges of Excellence (Saudi Arabia) as well as school assessment boards use the assessment platform to create a variety of examinations on the platform and deliver them online.

This includes question creation, test construction, delivery, marking, report generation and smart analytics. Its learning systems offerings encompass a suite of platforms & solutions that help publishers manage digital online learning solutions including subscription management, digital asset management and analytics. ETL’s SARAS Learning Management Systems (LMS), EnablED is the

Learning Experience Platform (LXP) and digital interactive book system, OpenPage, provide learning support for various academic institutions & corporations for training, learning & development requirements. Publishers such as Ascend Learning LLC and Pearson Education Group use its learning platform to create learning programs and deliver them to end users in the academic sector. Excel Public School in India uses the learning platform and LearnActiv K-12 Learning Solutions products. Further, its student success solution supports universities in student enrolment, academic planning & advising and career planning leading to successful educational outcomes.

Brigham Young University - IDAHO uses its student success platform, CollegeSPARC. ETL's education technology services leverage its domain and technology expertise to help customers such as Pearson Education Group modernize their platforms while improving scalability, security, performance and accessibility. In addition, the company constantly endeavor to provide comprehensive services associated with design & development of new platforms and products. Its learning design & content solutions contain a variety of content related services (authoring, editorial and content conversion). This is delivered by a team of professionals experienced in instructional design, learning experience design, content design and global content standards, with thorough understanding of pedagogy and technology. Learning companies such as Surala net Co. Ltd. (Japan) use its services to develop large repository of digital content objects for the school education sector.

The Company is driven by innovation and product engineering capabilities, enabling robust product development and customized solutions through its proprietary platform. This includes expertise in big data & analytics, Artificial Intelligence, Machine Learning, expertise in architecture, design and development automation and etc., which enables it to provide value added products and solutions. The Company has an asset-light, scalable business model to achieve operational efficiency and profitability and is continuously innovating and have successfully developed AI-based products and services, including learning models that are pre-trained on vast amounts of data and powerful AI models trained on massive amounts of text data to understand and generate human-like text. They are designed for various natural language processing (NLP) tasks, including language generation, translation, and other content-related tasks. They are typically termed as Large Language Models ("LLM") that helps is products stand out in the digital assessments and proctoring space.

The Company is actively engaged in AI implementation in its products and services. It includes building LLMs (proprietary and hybrid), small LLMs that are device specific, and AI agents that provide intelligent User experience in both the Learning and Assessment products. As per Arizton Report, AI and machine learning are being integrated into proctoring solutions to enhance monitoring capabilities and reduce the need for human intervention. As of August 31, 2025, the Company caters to 76 clients spread across 19 countries. While serving clients across the globe, it is imperative that its products & solutions are compliant with the relevant technology, security and quality standards, both global & regional. Complying to information security standards, the Company certified with ISO/IEC 27001:2022 for ISMS.As of August 31, 2025, it had 1109 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO worth Rs. 500 cr. (approx. 41666667 equity shares of Rs. 10 each at the upper cap). The company has announced a price band of Rs. 114 – Rs. 120 per equity shares. The issue comprises of fresh equity shares issue worth Rs. 180 cr. (approx. 15000000 equity shares at the upper cap), and an Offer for Sale (OFS) worth Rs. 320 cr. (approx. 26666667 equity shares at the upper cap). The issue opens for subscription on November 19, 2025, and will close on November 21, 2025. The minimum application to be made is for 125 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 36.21% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 61.77 cr. for capex on purchase of land and construction of new building at its Mysore property, Rs. 39.51 cr. for funding upgradation including external electrical systems of its existing facility, Rs. 54.64 cr. for upgradation of its IT infrastructure, and the rest for general corporate purposes.

The sole Book Running Lead Manager (BRLM) to this issue is Anand Rathi Advisors Ltd., while MUFG Intime India Pvt. Ltd., is the registrar to the issue. Anand Rathi Share & Stock Brokers Ltd. is a syndicate member.

Having issued/converted initial equity shares at par, the company has issued/converted further equity shares in the price range of Rs. 25 – Rs. 600 per share between January 2001 - June 2024. It has also issued bonus shares in the ratio of 60 for 1 in December 2024. The average cost of acquisition of shares by the promoters/selling stakeholders Rs. 0.00, Rs. Rs. 0.11, 0.16, Rs. and Rs. 48.20 per share.

Post-IPO, its current paid-up equity capital of Rs. 100.08 cr. will stand enhanced to Rs. 115.08 cr. post-IPO. Based on the upper cap of the IPO price band, the company is looking for a market cap of Rs. 1381.01 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit, of Rs. 197.97 cr. / Rs. 22.41 cr. (FY23), Rs. 200.70 cr. / Rs. 12.75 cr. (FY24), and Rs. 248.80 cr. / Rs. 34.69 cr. (FY25). For Q1 of FY26 ended on June 30, 2025, it posted a net profit of Rs. 6.01 cr. on a total income of Rs. 60.28 cr.

For the last three fiscals, the company has posted an average EPS of Rs. 2.53 and an average RoNW of 8.07%. The issue is priced at a P/BV of 3.20 based on its NAV of Rs. 37.56 as of June 30, 2025, and at a P/BV of 2.48 based on its post-IPO NAV of Rs. 48.31 per share (at the upper cap).

If we attribute FY26 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 57.42. Based on FY25 earnings, the P/E stands at 39.87. Thus, the issue

appears aggressively priced.

The company has reported PAT margins of 11.49% (FY23), 6.43% (FY24), 14.87% (FY25), 10.78% (Q1-FY26), and RoCE margins of 11.03%, 7.59%, 16.11%, 2.10%, respectively for referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in February 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown MPS Ltd., Ksolves India, Silver Touch, Sasken Techno., InfoBeans Techno, as its listed peers, which are currently trading at a P/E of 23.4, 23.7, 39.4, 55.1, and 23.0 (as of November 14, 2025). However, they are not truly comparable on an apple-to-apple basis. The comparison appears to be an eyewash.

Merchant Banker's Track Record

The BRLM associated with the offer has handled 5 pubic issues in the past three fiscals, out of which 1 issue closed below the offer price on the listing date.

Conclusion / Investment Strategy

ETL is engaged in providing global vertical SaaS solutions and services. The company marked growth in its top lines till FY25, but posted severe setback in bottom line for FY24. The company is operating in a highly competitive and fragmented segment. Based on its recent financial data, the issue appears aggressively priced. Only well-informed/cash surplus/risk seekers may park moderate funds for long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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