

Xtranet Technologies IPO

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- The company is an integrated information technology solution provider delivering end-to-end services on all fronts.
- It has an order book worth Rs. 356.96 as of April 30, 2026.
- The company marked steady growth in its top and bottom lines for the reported periods.
- Based on its recent financial data, the issue appears fully priced.
- Well-informed/cash surplus investors may park moderate funds for medium term.
- As clarified by the company, the RHP has info for an IPO size of up to Rs. 170 cr., but they have closed the final size on the basis of number of shares which stands at 13134000 equity shares and has announced a price band of Rs. 120 – Rs. 127 per share. My review is revised on the basis of these information.

About the Company

Xtranet Technologies Ltd. (XTL) is an integrated information technology solutions provider delivering end-to-end services including enterprise applications, digital services, managed services, proprietary platforms, and strategic technology partnerships for clients across industries and geographies. Incorporated in 2002 with its registered office in Bhopal, Madhya Pradesh, it has over 24 years of experience in delivering IT services and solutions. Its core services offerings are enterprise applications, managed services, digital services and proprietary platforms & products. The company provides end-to-end enterprise resource planning (“ERP”) services across global platforms as well as its proprietary X-ERP system.

XTL also provides IT system integration services that combine hardware, software, and networking components into complete solutions for enterprises and government organizations. It builds and manages data centers and command centers for clients. Services include site assessment and preparation for data center, server virtualization and cloud computing setup, 24x7 monitoring and support of IT infrastructure, backup and disaster recovery solutions, and network operations center and security operations center establishment. The company also provides application development and maintenance services that focuses on designing, deploying, and supporting custom-built enterprise applications for industry-specific requirements.

Within this integrated structure, the Synergy low-code Digital Transformation (“Synergy”) platform enables process automation and enterprise-scale digital solutions, while XtraTrust a Licensed Certifying Authority (CA) and eSign Service Provider (ESP), authorized to issue and manage Digital Signature Certificates, and to provide Public Key Infrastructure (PKI) based solutions including e-sign,

time stamping and authentication services etc., together forming part of its integrated offerings in Digital Transformation and Secure Technology services. The company commenced operations with system integration services, including implementation of Data Networks, IT Security, Smart City IT Infrastructure, deployment of Security Operations Centre (SOC) and Network Operations Centre (NOC) solutions.

In 2008, it expanded into application development, in 2012, it also commenced operations in Data Centre services, strengthening its portfolio in IT infrastructure solutions, followed by the introduction of Enterprise Resource Planning (ERP) implementation in 2014. In 2021, XTL launched Public Key Infrastructure (PKI) and Digital Signature services through its Subsidiary XtraTrust Digisign Private Limited, and in 2022, the company introduced business intelligence and analytics solutions through its group company, later turned into subsidiary, XtraSynergy Solutions Private Limited. As per the Care Edge Report, Company's commitment to quality is reflected in its certifications, being a CMMI SVC/5 certified organization and holding multiple ISO credentials, including ISO 9001 for Quality Management, ISO 27001 for Information Security Management, ISO 20000 for IT Service Management, and ISO 22301 for Business Continuity Management. These certifications, together with its consolidated business structure, support operations as an integrated entity providing IT Solutions across industries. It generates revenue through a combination of fixed-price contracts, time-and-materials arrangements, and recurring service agreements. XTL service both Government/Public Sector Undertakings (PSUs) and Private Sector clients. A majority of its revenues are currently derived from servicing Government/PSU projects. As of April 30, 2026, it had 504 employees on its payroll and additional 370 contract employees. As of the said date, it had an order book worth Rs. 356.96 cr.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 13134000 equity shares (worth Rs. 166.80 cr. at the upper cap). The company has announced a price band of Rs. 120 – Rs. 127 per equity shares of Rs. 10 each. The issue opens for subscription on July 23, 2026, and will close on July 27, 2026. The minimum application to be made is for 110 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 25.12% of the post-IPO paid-up equity capital. From the net proceeds of the issue, the company will utilize Rs. 8.48 cr. for capex on purchase of systems and hardware including installations, Rs. 20.20 cr. for repayment/prepayment of certain borrowing, Rs. 102.00 cr. for working capital, and the rest for general corporate purposes.

The sole Book Running Lead Manager (BRLM) to this issue is Share India Capital Services Pvt. Ltd., and KFin Technologies Ltd. is the registrar to the issue. Share India Securities Ltd. is a syndicate member.

The company has issued initial equity shares at par value, and has issued further equity shares in the price range of Rs. 50 – Rs. 325 per share (based on FV of Rs. 10) between March 2023 and September 2024. It has also issued bonus shares in the ratio of 4 for 1 in February 2008, 34 for 10 in May 2020, 4

for 1 in September 2025. The average cost of acquisition of shares by the promoters is Rs. 0.29, Rs. 0.44, and Rs. 7.02, per share.

Post-IPO, its current paid-up equity capital of Rs. 39.15 cr. will stand enhanced to Rs. 52.29 cr. Based on the upper cap of the price band, the company is looking for a market cap of Rs. 664.03 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. 233.26 cr. / Rs. 10.94 cr. (FY24), Rs. 276.53 cr. / Rs. 30.03 cr. (FY25), and Rs. 366.01 cr. / Rs. 40.73 cr. (FY26). The company posted growth in its top and bottom lines for the reported periods. Its consolidated contingent liabilities of Rs. 42.74 cr. as of March 31, 2026 raise concern. Higher trade receivables raise alarm.

For the last three fiscals, the company has posted an average EPS of Rs. 8.36 and an average RoNW of 29.91 %. The issue is priced at a P/BV of 3.66 based on its NAV of Rs. 34.74 as of March 31, 2026, and at a P/BV of 2.19 based on its post-IPO NAV of Rs. 57.92 per share at the upper price.

If we attribute FY26 earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 16.30. Based on FY25 earnings, the P/E stands at 22.13. The issue appears fully priced.

For the reported periods, the company has posted PAT margins of 4.70 % (FY24), 10.88% (FY25), 11.15% (FY26), and RoCE margins of 30.53%, 39.59%, 32.52%, respectively for the referred periods.

Dividend Policy

The company not paid any dividends since incorporation. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Silver Touch Techno, Dynacons Systems, Coforge, as its listed peers. They are currently trading at a P/E of 70.2, 18.2, and 40.7 (as of July 17, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

This is the 21st mandate from Share India Capital in the last four fiscals (including the ongoing one). Out of the last 10 listings, 4 listed at discount, 1 at par, and the rest with premium ranging from 23.33% to 90.00% on the date of listing.

Conclusion / Investment Strategy

XTL is an integrated information technology solution provider delivering end-to-end services on all fronts. It has an order book worth Rs. 356.96 as of April 30, 2026. The company marked steady growth in its top and bottom lines for the reported periods. Based on its recent financial data, the issue appears fully priced. It operates in a highly competitive and fragmented segment. Well-informed/cash surplus investors may park moderate funds for medium 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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