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IPO NOTE | INITIATING COVERAGE

SRIT India Limited

Sector: IT / ITeS (Healthcare, E-Governance, Telecom) | Price Band: ₹ 123 – ₹ 130 per share

FINAL VIEW

1. SUBSCRIBE FOR LONG TERM
2. MAY SUBCRIBE FOR LISTING GAINS

FY26 REVENUE	FY26 PAT / NET MARGIN	ACTIVE ORDER BOOK
₹ 450.00 Cr	**₹ 43.29 Cr**	**₹ 12,04.70 Cr**
Up from ₹ 2,71.09 Cr in FY24	9.6% Net Margin | ROE: 30.23%	As of June 2026 (52 O&M Contracts)

1. ISSUE STRUCTURE & BUSINESS PROFILE

IPO Key Parameters

Price Band	₹ 123 – ₹ 130 per share
Face Value	₹ 5 per share
Issue Period	Sept 28, 2026 – Sept 30, 2026
Anchor Bidding	Friday, Sept 25, 2026
Bid Lot	115 Equity Shares
Fresh Issue	1.68 Cr Shares (₹ 218.40 Cr)
Offer for Sale (OFS)	Nil (100% Fresh Issue)
Pre / Post Issue	4.75 Cr / 6.43 Cr Shares
Implied Market Cap	₹ 835.53 Cr (at Upper Cap)
Issue Allocation	QIB: ≤50% | NII: ≥15% | Retail: ≥35%
Lead Manager / Reg.	Choice Capital / KFin Tech

Company Profile & Business Verticals

SRIT India Limited (est. 1999, Bengaluru) is an IT/ITeS solutions provider with a 26-year pedigree. It designs, implements, and operates proprietary digital platforms on a turnkey basis followed by long-term Operations & Maintenance (O&M) contracts.

Core Vertical	FY26 Share	Focus Area
Electronic Governance	**68.39%**	Public state portals
Telecom & Broadband	**24.27%**	Digital pipe & optical
Healthcare Platforms	**7.34%**	Tele-ICU & Hospital Ops

2. CONSOLIDATED FINANCIAL PERFORMANCE & RATIONALE

Financial Parameter	FY24 (₹ Cr)	FY25 (₹ Cr)	FY26 (₹ Cr)	Analytical Commentary
Revenue from Operations	271.09	389.3	**450**	Consistent scaling via turnkey rollouts and O&M contracts
EBITDA	40.99	49.8	**64.77**	Profitability supported by proprietary code stacks
Profit After Tax (PAT)	29.08	33.6	**43.29**	Robust earnings expansion delivering 9.6% net margin
Consolidated Net Worth	80.47	131.05	**193.27**	Substantial net worth accretion from retained profits
Return on Equity (ROE / RoNW)	36.13%	33.20%	**30.23%**	High capital efficiency; ROCE recorded at 28.79%
Debt-to-Equity Ratio	0.42x	0.31x	**0.23x**	Conservative leverage; de-levered prior to public offering
Cash Flow from Operations (CFO)	142.10	32.40	**-12.10**	Working capital intensive milestone billing cycles

3. SWOT MATRIX ANALYSIS [Strategic Evaluation]

● STRENGTHS

- **26-Year Execution Track Record:** Long-standing credibility in mission-critical public infrastructure.
- **High Client Retention:** 73.85% repeat clientele in FY26 demonstrates high switching moats.
- **Robust Order Pipeline:** Active order book of ₹ 1,204.7 Cr provides multi-year revenue visibility.

● WEAKNESSES

- **High Client Concentration:** Top 10 customers contributed 89.36% of FY26 total revenues.
- **Tender Reliance:** 89.41% dependence on government and PSU tender procurement cycles.
- **Sub-Contracting Intensity:** High reliance on sub-contractors (78.92% of operational expenses).

● OPPORTUNITIES

- **Gov-Tech AI & Tele-ICU:** Scaling sovereign AI platforms and expanding Tele-ICU rollouts nationally.
- **Private Sector Pivot:** Targeting expansion of private enterprise mix from 10% to 30% over 3 years.
- **Inorganic Synergies:** Integration value from Blossom Hospital (50%) and Carnot Research (20%).

● THREATS

- **Receivables & Unbilled Dues:** Extended collection periods and unbilled dues typical of government clients.
- **Intense Market Competition:** Pricing pressure from legacy IT services giants and agile tech startups.
- **Rapid Technological Change:** Constant capital commitment to R&D required to avoid platform obsolescence.

4. INVESTMENT DRIVERS & FUTURE TRIGGERS

What Investors Can Like

✓ **Proprietary IP Stack:** In-house platforms avoid expensive software license lock-ins, securing superior operational gross margins.

✓ **Deep Public Sector Credibility:** Over 100 mission-critical turnkey projects successfully delivered over the past decade create high entry barriers.

✓ **First-Mover Sovereign AI:** 100% on-premise, data-sovereign AI models successfully deployed across public transportation and welfare platforms.

✓ **Healthcare Vertical Integration:** Forward integration into clinical delivery via Blossom Hospital captures higher value across the care lifecycle.

Key Catalysts & What to Watch

➔ **Working Capital Optimization:** ₹ 124.00 Cr fresh proceeds to fund internal working capital, eliminating high-cost third-party profit-sharing debt structures.

➔ **Order Book Execution:** Execution run-rate across the ₹ 1,204.7 order book, including steady recurring cash flow from 52 O&M contracts.

➔ **Revenue Diversification:** Traction in expanding private enterprise share from 10% to 30% over the next 3 years to de-risk government dependencies.

➔ **Operating Cash Turnaround:** Reversal of FY26 negative operating cash flow as billing milestones and state receivables normalize.

5. VALUATION & INVESTMENT RECOMMENDATION

At the upper price band of ₹ 130 per share, SRIT India Limited commands an implied market capitalization of **₹ 835.53 Crore**. Based on restated FY26 diluted earnings (PAT of ₹ 43.29 Cr on expanded post-issue equity base of 642.1 Cr shares, translating to post-issue FY26 EPS of ₹ 6.74), the issue commands a post-issue **P/E multiple of approximately 19.3x**.

Given the company's strong return metrics (FY26 ROCE of 28.79% and ROE of 30.23%), low debt gearing (0.23x D/E), sizeable order book of ₹ 12,047 Mn providing clear medium-term revenue visibility, and margin expansion headroom post repayment of working capital sharing costs, the IPO offers favorable risk-reward for mid-to-long term investors. Client concentration and working capital intensity remain key monitors.

6. Positive Rationale

- ✔ **Revenue Growth: Revenue expanded consistently, reaching ₹449.99 crore in Fiscal 2026.**
- ✔ **Profit Expansion: Restated profit after tax grew steadily to ₹43.29 crore in Fiscal 2026.**
- ✔ **Robust Order Book: Order book reached ₹1,182.82 crore, ensuring solid future revenue visibility.**
- ✔ **Strategic Sectors: Broad presence across expanding e-governance, healthcare, and telecom sectors.**
- ✔ **Proven Track Record: Operating since 1999, implementing large mission-critical government technology projects.**
- ✔ **Marquee Clientele: Long-standing partnerships with prominent public sector enterprises like RailTel and TCIL.**

- ✔ **Global Presence: Export revenues across Middle Eastern and African markets provide geographical diversification**

7. Negative Rationale

- ✔ Client Concentration: Top ten customers generated ₹402.12 crore, contributing 89.36% of FY26 revenue.
- ✔ Tender Reliance: Government tenders yielded ₹402.34 crore, comprising 89.41% of Fiscal 2026 revenue.
- ✔ Subcontractor Dependency: Subcontracting costs reached ₹321.67 crore, representing 78.92% of FY26 total expenses.
- ✔ Negative Cash Flow: Incurred negative operating cash flow of ₹12.10 crore in Fiscal 2026.
- ✔ Working Capital Load: Current receivables and contract assets tied up ₹385.55 crore, straining liquidity.
- ✔ High Attrition: Employee attrition spiked to 33.63% in Fiscal 2026, posing operational risks.
- ✔ Consortium Risks: Exposed to joint liabilities and pending legal disputes arising from consortium partnerships.

8. SEBI STATUTORY DISCLOSURES & COMPLIANCE DECLARATIONS

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Financial interest in the subject company (Analyst or Relatives)	**NO**	Neither analyst nor associates hold financial interests
Beneficial ownership of 1% or more in subject company securities	**NO**	No holding of 1% or more equity at end of preceding month
Receipt of compensation / investment banking mandates in past 12 mos	**NO**	No advisory or merchant banking fees received from SRIT
Market making activity for the subject company	**NO**	Research desk does not act as market maker for this offering
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