

Company Overview

Seshaasai Technologies Limited (STL) is a technology-driven multi-location solutions provider focused on offering payments solutions, communications and fulfilment solutions catering primarily to the banking, financial services and insurance (BFSI) industry, with data security and compliance at the core of its solutions. STL's business verticals comprise Payment Solutions, Communication and Fulfilment Solutions and IoT solutions. (1) Payment Solutions: The company offers a range of payment enabling instruments on Indian and well-recognised global payment schemes, such as debit cards, credit cards, pre-paid cards, mass transit cards and cheques. (2) Communication and Fulfilment Solutions: The company offers secure omnichannel communication solutions that are technology-centric, delivery format agnostic, such as print, interactive PDF sent via email and text messages. (3) IoT Solutions: The IoT Solutions encompass a comprehensive range of radio frequency identification (RFID) enabled offerings and IoT ecosystem services tailored to meet diverse industry needs. As of FY25, the company's revenue is largely driven by its payment solutions business (65.5%), communication and fulfilment solutions forming the second-largest segment at 29.7%, IoT solutions contributed 7.3% to the revenue, while other services and miscellaneous operating income together made a very minor contribution of 0.5% to the total revenue. The offerings are provided through its pan-India physical network comprising 24 manufacturing units across seven locations in India as of March 31, 2025. The company has nine godowns in the states of Karnataka, Kerala, Telangana and Maharashtra. As of March 31, 2025, the company has an installed capacity to manufacture over 0.47 million cards and over 1.67 million RFID tags in a single day. The units are also certified by global payment schemes and the National Payments Corporation of India (NPCI) (RuPay) for manufacturing and personalisation of payment cards. Further, the units are certified for Payment Card Industry (PCI) for data security in card production. The units are also certified by the Indian Banks Association ("IBA") for cheque manufacturing. As of FY25, the company provides services to 10 of the 12 public sector undertaking banks, 9 out of 11 small finance banks, 15 of the 21 private banks, 9 out of 32 general insurance and 12 out of 24 life insurance companies in India.

Objects of the issue

The company proposes to utilise net proceeds from the issue towards the following objects:

- ⇒ Funding capital expenditure for the expansion of existing manufacturing units;
- ⇒ Repayment and/or prepayment, in part or in full, of certain outstanding borrowings; and
- ⇒ General corporate purposes.

Investment Rationale

Strong position and customer stickiness to continue driving sustainable growth

STL has positioned itself as one of the top two payment card manufacturers in India, holding a market share of 31.9% in FY25, up from 25.0% in FY23. Its entrenched position in the highly regulated payments industry, supported by large-scale infrastructure capable of producing 11.94 million cards per month, creates high barriers to entry for new players. A diversified and long-standing customer base, including leading PSU banks, private banks, small finance banks, and insurance companies, provides stability and revenue visibility, with over 97% of FY25 revenues generated from existing customers and average relationships of more than 10 years contributing to 63.3% of the revenue. The company's full-stack lifecycle offerings, proven resilience during demand surges such as demonetization, and consistent recognition as a leading BFSI technology brand further strengthen its competitive advantage. Additionally, the Indian payment cards market, projected to grow at a CAGR of 12.3% over FY2024-30 period, offers significant growth opportunities, while the company's ability to cross-sell into IoT and communication solutions enhances its revenue diversification. Supported by FY25 revenues of Rs. 14,197 million from repeat customers and a growing share from new client additions, the company is well-positioned to capitalise on rising digital adoption, regulatory-driven card replacements, and the expanding fintech ecosystem.

Issue Details

Offer Period	23rd September, 2025 - 25th September, 2025
Price Band	Rs. 402 to Rs. 423
Bid Lot	35
Listing	BSE & NSE
Issue Size (no. of shares in mn)	19.2
Issue Size (Rs. in bn)	8.1
Face Value (Rs.)	10

Issue Structure

QIB	50%
NIB	15%
Retail	35%

BRLM	IIFL Capital Services Limited, ICICI Securities Limited, SBI Capital Markets Limited
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Registrar	MUFG Intime India Private Limited
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Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	93.2%	81.8%
Public	6.8%	18.2%
Total	100.0%	100.0%

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

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Proprietary platforms and pan-India manufacturing capabilities to drive competitive advantage

The company's proprietary technology stack, built on advanced platforms leveraging AI, robotic automation, IoT and API frameworks, enables it to deliver bespoke, secure and scalable solutions across BFSI, retail, logistics, manufacturing, renewable energy and other sectors, thereby broadening its addressable market. Platforms such as RUBIC, eTaTrak, IOMS and izeIoT enhance customer engagement, operational efficiency and regulatory compliance, offering strong cross-selling potential while ensuring high levels of automation, data security and adaptability. This differentiated technology-centric approach, supported by robust in-house R&D and patent filings, positions the company as a partner of choice for enterprises undergoing digital transformation. Complementing its technology edge is a pan-India manufacturing footprint with 24 facilities across seven locations, including a card manufacturing capacity of 11.94 million units per month and RFID production capacity of 41.67 million tags per month as of FY25. The company is among the few vendors approved to produce plastic, metal, sustainable and biometric cards, with certifications from global payment schemes, NPCI, IBA, and multiple ISO standards, underscoring compliance with stringent quality and security benchmarks. Continuous investments in R&D and certifications, alongside innovations such as Made in India metal cards, biometric cards and unique QR codes, reinforce its positioning as a high-quality, technology-driven manufacturer. Together, the proprietary platforms and scalable certified manufacturing ecosystem provide a powerful competitive advantage, enabling the company to efficiently serve large enterprises, diversify across industries, and capture rising demand from India's growing digital and payments ecosystem.

Valuation

Seshaasai Technologies is a leading integrated provider of payment solutions, communication and fulfilment platforms, and IoT-based traceability offerings, with a pan-India presence and a growing international footprint. Its differentiated business model combines proprietary technology platforms with advanced certified manufacturing capabilities, enabling it to serve large enterprise customers with end-to-end solutions. With market leadership in the Indian payment cards industry, a 31.9% share in FY25, pan-India certified manufacturing units, and strong R&D capabilities that have produced metal and biometric cards along with patent filings, the company has built a resilient and high-quality operating base. Long-standing relationships with marquee clients further provide revenue visibility and repeat business. Building on these strengths, the company is executing strategies to consolidate its leadership in payment solutions through capacity expansion in high-value card segments, scale IoT and RFID offerings to capture rising demand for automation and regulatory compliance, deepen cross-selling and upselling to increase wallet share from existing customers, and expand into select international markets leveraging global certifications. Continued investments in R&D, cybersecurity, and scalable infrastructure reinforce its competitive moat and operational efficiency. These initiatives are expected to drive higher-margin revenue growth, diversify revenue streams beyond core BFSI offerings, and enhance operating leverage through scale. Financially, the company delivered a healthy performance, growing revenue, EBITDA, and PAT at a CAGR of 13%, 34%, and 43%, respectively, during the FY2023-25 period, while expanding its EBITDA margin from 17.4% in FY23 to 24.6% in FY25. On the return front, the company reported robust RoACE and RoAE of 35.4% and 41.5%, respectively, in FY25, reflecting healthy and sustainable profitability. **On the upper price band, the company is currently valued at a P/E of 28.1x based on FY25 earnings. Supported by market leadership in payment solutions, proprietary technology platforms, scalable manufacturing capabilities, and long-standing customer relationships, we believe the company is well-positioned to capitalise on structural industry growth and deliver sustainable growth. Thus, we recommend a "SUBSCRIBE" rating for this issue from a medium to long-term perspective.**

Key Risks:

- ⇒ The company derives nearly 50% of revenue from its top five customers, positioning the company towards higher concentration risk.
- ⇒ Revenue concentration in few industry verticals exposes the company to potential declines in

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demand, which could adversely impact its business and financial performance.

- ⇒ The company's customer contracts impose extensive compliance requirements, and any failure to meet these obligations could result in contract termination or legal action, negatively affecting its business and financial performance.

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Income Statement (Rs. in millions)

Particulars	FY23 Standalone	FY24 Consolidated	FY25 Consolidated
Revenue			
Revenue from operations	11,463	15,583	14,632
Total revenue	11,463	15,583	14,632
Expenses			
Cost of Materials Consumed	7,668	9,494	8,431
Purchase of Stock in Trade	94	66	40
Changes in Inventories of Work in Progress	-308	319	42
Employee Benefits	455	556	604
Other Expenses	1,555	2,231	1,916
Total operating expenses	9,464	12,667	11,033
EBITDA	1,999	2,916	3,599
Depreciation & amortization	323	358	412
EBIT	1,676	2,557	3,187
Finance costs	320	342	343
Other Income	75	114	105
PBT	1,431	2,330	2,949
Current tax	361	590	736
Deferred tax	-0.34	46	20
Tax adjustments for earlier years (Net)	-11	1	-30
Total tax	350	637	726
Net Profit	1,081	1,693	2,223
Diluted EPS	7.3	11.5	15.1

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particulars	FY23 Standalone	FY24 Consolidated	FY25 Consolidated
Cash Flow from operating activities	501	1,996	1,681
Cash flow from/(used in) investing activities	-713	-1,111	-1,132
Net cash flows (used in) / from financing activities	387	-318	-340
Net increase/(decrease) in cash and cash equivalents	175	566	209
Cash and cash equivalents at the beginning of the period	41	215	781
Cash and cash equivalents at the end of the period	215	781	990

Source: RHP, BP Equities Research

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Balance Sheet (Rs. in millions)

Particulars	FY23 Standalone	FY24 Consolidated	FY25 Consolidated
Assets			
Non-Current Assets			
Property, plant and equipment	2,430	3,058	3,880
Right-of-use assets	270	266	228
Capital work-in-progress	0	29	81
Intangible assets	148	185	156
Goodwill	0	204	204
Intangible assets under development	0	6	15
Financial Assets			
(i) Investments	7.1	1	1
(ii) Loans	46.43	73	98
(iii) Other financial assets	131.6	158	111
Current tax assets (net)	35	37	37
Other non-current assets	322	256	438
Total Non Current assets	3,389	4,271	5,247
Current Assets			
Inventories	1,332	1,577	1,522
Financial Assets			
(i) Trade receivables	2,208	2,207	2,922
(ii) Cash and cash equivalents	215	781	990
(iii) Bank balances other than (ii) above	333	287	288
(iv) Loan	19	13	13
(v) Other financial assets	140	65	159
Other current assets	189	383	462
Total Current Assets	4,436	5,313	6,356
Total Assets	7,825	9,584	11,604
Equity and Liabilities			
Equity Share Capital	888	1,476	1,476
Other Equity	2,013	2,864	4,905
Total Equity	2,901	4,340	6,381
Non-Current Liabilities			
Financial Liabilities			
(i) Borrowings	1,064	1,320	1,334
(ii) Lease liabilities	197	193	137
Provisions	108	15	18
Deferred Tax Liabilities (net)	92	138	161
Total Non-Current Liabilities	1,461	1,665	1,650
Current Liabilities			
Financial Liabilities			
(i) Borrowings	1,762	1,888	2,195
(ii) Trade Payables			
Total outstanding dues of micro enterprises and small enterprises	161	177	84
Total outstanding dues of creditors other than micro and small enterprises	909	1,102	803
(iii) Lease Liabilities	97	102	121
(iv) Other financial liabilities	81	160	206
Provisions	28	32	35
Current tax liabilities (Net)	66	56	29
Other current liabilities	360	61	101
Total Current Liabilities	3,464	3,578	3,573
Total Liabilities	4,924	5,244	5,222
Total Equity and Liabilities	7,825	9,584	11,604

Source: RHP, BP Equities Research

Disclaimer Appendix**Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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