

Recommendation	Subscribe	
Price Band	Rs. 402-423	
Bidding Date	23 rd –25 th Sept	
Book Running Lead Manager	IIFL Cap,SBI Cap,ICICI Sec	
Registrar	Bigshare Services Private Limited	
Sector	Technologies	
Minimum Retail Application- Detail At Cut off Price		
Number of Shares	35	
Minimum Application Money	Rs. 14805	
Payment Mode	ASBA	
Consolidated Financials (Rs Cr)	FY24	FY25
Total Income	1,558	1,463
EBITDA	292	360
Adj PAT	169	222
Valuations (FY25)	UpperBand	
Market Cap (Rs Cr)	6,844	
Adj EPS	14	
P/E	31	
EV/Sales	19	
Enterprise Value (Rs Cr)	6769	
Post Issue Shareholding Pattern		
Promoters	80.9%	
Public	19.1%	
Offer structure for different categories		
QIB (Including Mutual Fund)	50%	
Non-Institutional	15%	
Retail	35%	
Post Issue Equity (Rs. in Cr)	161.8	
Issue Size (Rs in Cr)	813	
Face Value (Rs)	10	
Kavita Vempalli Sr Research Analyst (022 62738034)		

BACKGROUND

Seshaasai Technologies Ltd. (STL) is a payments, communications & IoT solutions provider catering primarily to BFSI, Insurance industry. STL's solutions are driven by its proprietary platforms, which allow the company to offer solutions at scale and on a recurring basis. Co is one of the top two payments card manufacturers in India with a market share of 31.9% for credit and debit cards issuance in India and one of the largest manufacturers of cheque leaves in India. It offers a customized portfolio of services through 24 self-sustaining manufacturing units across seven locations in India, equipped with advanced machinery, raw materials, and skilled workforce to meet local requirements.

Details of the Issue

IPO is a book build issue of Rs. 813.07 cr. The issue is a combination of fresh issue of 1.13 crore shares aggregating to Rs. 480 cr and OFS of 0.79 crore shares aggregating to Rs.333.07 cr. Co plans to utilize funds for capex and repayment of debt.

Investment Rationale

1. Leadership Position in the Large and Regulated Payment Solutions Industry with High Barriers to Entry.
2. Long Standing Relationships with a Large Customer Base.
3. Comprehensive Portfolio of Customizable and Scalable Solutions.

Risks

1. Emergence of new and advanced technologies could render STL's existing solutions obsolete or irrelevant, which could adversely impact its cash flows.
2. Top 5/top 10 customers contributed ~49%/66% to revenues. Loss/reduction in revenues from key customers may have an adverse effect on Co's financials.

Valuation and Recommendation

STL holds prominent position as a payment card manufacturers in India with a market share of ~31.9%. Co updates and keeps introducing latest technologies to remain relevant and maintain client concentration. Post IPO Co will be repaying Rs.300 cr of debt improving its profits and also has capacity expansion plans in place which will aid revenue growth. Co enjoys healthy return ratios and revenues/ebitda have grown at a cagr of 13%/34% over FY23-25. At the upper price band of Rs 423, the issue is valued at a P/E multiple of 30.8x based on FY25 earnings and we recommend '**Subscribe**' to the issue citing good growth opportunities ahead.

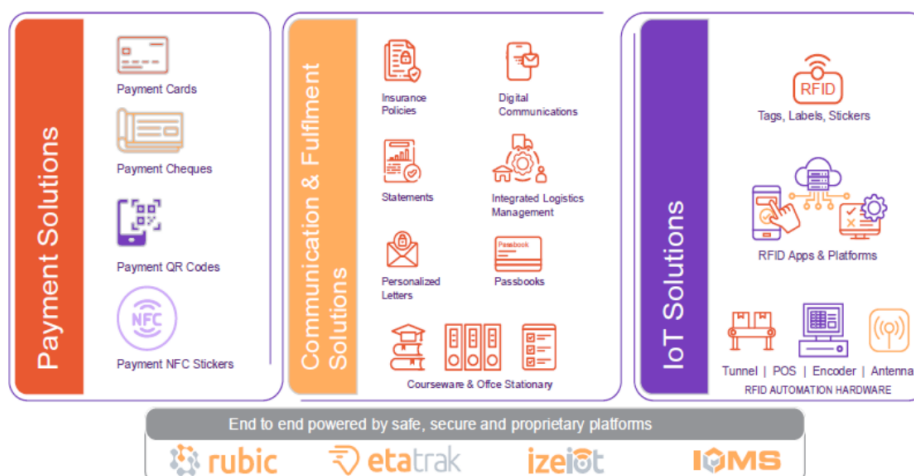
Financials	FY23	FY24	FY25
Net Revenues	1,146	1,558	1,463
Growth (%)		35.9%	-6.1%
Ebitda	200	292	360
Ebitda(Margin %)	17.4%	18.7%	24.6%
PBT	143	233	295
Adjusted PAT	108	169	222
EPS	6.68	10.46	13.74
ROCE	30.6%	35.4%	33.2%
P/E	63.31	40.43	30.79
EV/Sales	5.9	4.3	4.6
EV/ EBITDA	33.9	23.2	18.8

Company Background

Seshaasai, founded in 1993, is one of the leading and top 2 vendors in India's payment card manufacturing market in terms of credit cards and debit cards issuances. They specialize in various smart card technologies, including magnetic stripe, NFC, RFID, EMV chip-based, and dual interface cards. Seshaasai's production capacity and technological expertise allow them to produce millions of personalized cards for credit, debit, and prepaid card applications. As per FY25, the company has the capacity to produce 11.90 mn cards in a month. The company is one of the few vendors in India to have approved facilities for manufacturing of plastic cards, metal cards, sustainable cards, biometric cards, wearables, and payment stickers.

The nature of company's operations, particularly owing to the sensitivity of the data involved, requires elevated IT and cyber security measures at their facilities. Certified by major payment networks like Visa, Mastercard, and NPCI RuPay, STL meets rigorous security requirements, ensuring international standards for safeguarding cardholder data. Co has 7 sites approved by IBA for secure printing (cheques, demand draft, Pay orders) and 3 sites approved by Global schemes for card personalization.

Business Verticals



STL has provided services to 65 banks, including public and private sector banks, foreign banks and small finance banks in India. In FY2025, Co served 10 out of 12 PSU banks, 9 out of 11 small finance banks and 15 of the 21 private banks in India. It enjoys an average of 7.3 years of relationship with their customers in the Banking sector. Co also has an extensive clientele in insurance domain. In FY25, Co served 9/32 general insurance and 12/24 life insurance companies. It provides services across communication solutions and fulfilment solutions to their customers in the insurance domain. Co enjoys an average of 11 years and 8.4 years of relationship with their customers in the life insurance and general insurance sectors respectively.

Manufacturing Capacities and Utilizations

Verticals	UoM	FY23		FY24		FY25	
		Installed capacity	Utilization	Installed capacity	Utilization	Installed capacity	Utilization
Payments Solutions							
Cheque Leaf	In mn	2,646.0	56.6%	2,700.0	52.0%	2,700.0	44.1%
Cards	In mn	87.6	94.6%	132.0	90.8%	142.8	64.0%
Metal Cards	In lakhs	0.1	19.6%	4.0	13.1%	4.7	18.2%
Communication and Fulfilment Solutions							
Off-set Printing	No. of A4 sheets (mn)	3,612.2	65.1%	4,589.0	64.8%	4,881.6	64.1%
IoT Solutions							
Hang tags and labels	In mn	150.0	4.8%	287.5	54.0%	500.0	54.9%

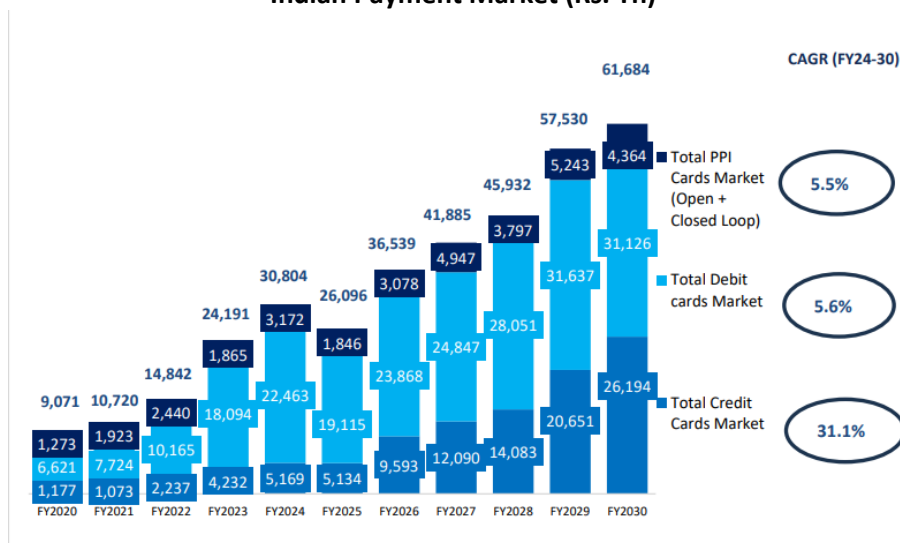
Co's IoT Solutions comprises of comprehensive range of radio frequency identification ("RFID")- enabled offerings and IoT ecosystem services tailored to meet diverse industry needs. It manufactures and supply RFID-enabled inlays as well as inlays converted into tags and labels.

Industry Overview

India's Payment Card Market

In 2020, the total market for payment cards in India, which includes credit cards, debit cards, and prepaid payment instruments (PPI), was valued at Rs. 907 cr. By 2024, this market had expanded to Rs. 3080 cr, and it is projected to reach Rs. 6168.4 cr by 2030, growing at a CAGR of 12.3% during the FY2024-30 period. This market size highlights the potential for card manufacturers in India.

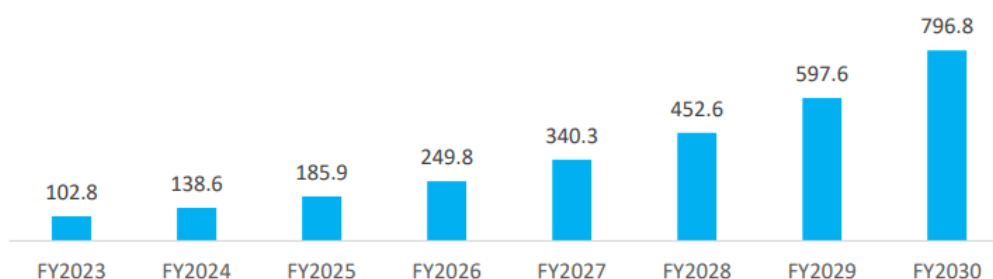
Indian Payment Market (Rs. Tn)



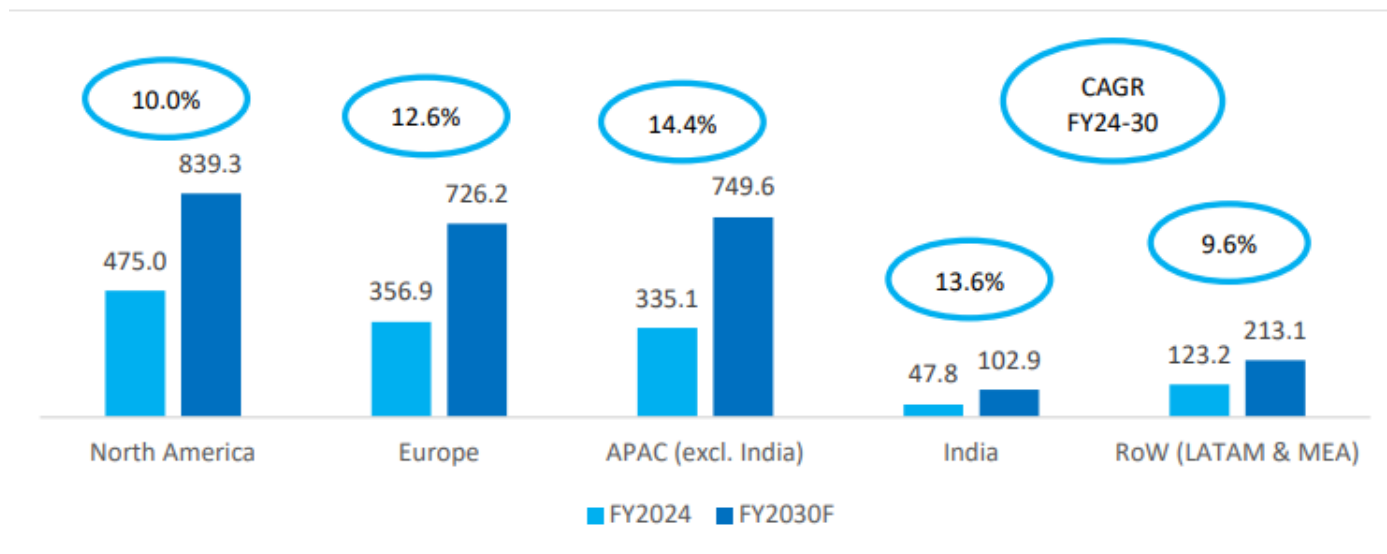
Source: NBRR, F&S

The Indian market for wearables payment devices is estimated to be Rs. 138.6 bn in FY24, with an anticipated surge to Rs.796.8 bn by FY30. This signifies a substantial CAGR of 33.8% during the period from 2024 to 2030. Smartwatches, rings, wristbands, and fitness bands are just a few examples of wearable technologies enabling secure transactions. In addition, several companies have introduced innovative wearable devices that link directly to users' bank accounts.

Indian Wearables Payment Device Market (Rs. bn)



RFID Market (INR Bn) by Regions, FY2024-2030F

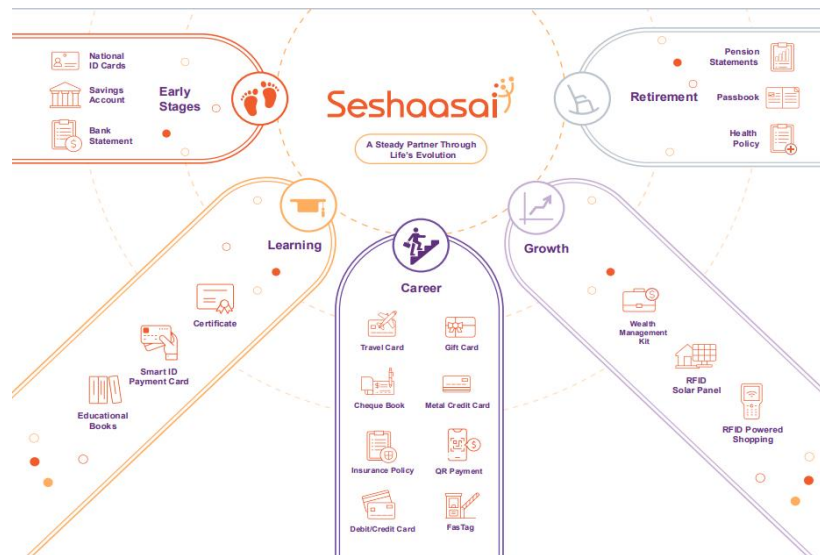


The RFID market in India is expected to grow from Rs. 47.8 bn in FY24 to Rs. 102.9 bn in FY30 growing at a CAGR of 13.6%. Demand for RFID is expected to increase in India along with organised retail, logistics supply chain, automotive, manufacturing, health care, and public transit sectors.

Investment Rationale

Leadership Position in the Large and Regulated Payment Solutions Industry with High Barriers to Entry

STL is amongst the top 2 payments card manufacturers in India with a market share of ~31.9% as of FY25 for credit & debit cards issuance. Co designs and develops payment instruments (debit cards, credit cards, pre-paid cards, mass transit cards and cheques) and securely embeds customer data onto them before sending it to the end customers. Typically credit and debit cards have an expiration date ranging from 3 to 7 years, which ensures steady stream of orders for card manufacturers. During FY25, STL supplied ~91.4 mn payment cards and 1,188.8 mn cheque leaves respectively.



The payments card manufacturing industry poses high entry barriers due to significant capital requirements, stringent regulatory standards, technological expertise, and the dominance of established players. STL's extensive experience of over three decades has allowed it to gain an in-depth understanding of the market and have cemented its position as one of the leading players in the BFSI sector.

Sectors	Key Customers
Banking	
Insurance, Fintech, IoT	

Long Standing Relationships with a Large Customer Base

Being a technology driven company, STL customizes solutions and strategies and has been able to retain its existing customers and have also been able to attract new customers.

	FY23	FY24	FY25
Existing Customers	279	257	382
Revenues from Existing Cust's	11310.5	14886.5	14196.8
Contribution to Revenues %	98.71%	95.59%	97.14%
New Customers Added	76	219	320
Total Customers	355	476	702
Rev from New Customers	148.01	687.23	418.5
Contribution to Revenues %	1.29%	4.41%	2.86%

Co's long-term relationships with marquee clientele is demonstrated by the average length of its relationship of over 10 years with 7 of its top 10 customers.

Period of Customer Relationship	FY23	FY24	FY25
Five years and less	12.1%	14.6%	24.5%
More than 5 years, less than 10 years	25.2%	19.7%	12.3%
10 years plus	61.9%	65.8%	63.3%

STL offers a variety of solutions to customers across sectors such as banking, insurance and fintech. Under its RFID offering, Co caters to customers across industries such as retail, manufacturing, renewable energy and supply chain. We believe that as a result of its differentiated and scalable product offerings, Co is able to provide customized solutions to its customers which also enables it to cross-sell services allowing it to target a greater share of their requirements.

Comprehensive portfolio of solutions offerings

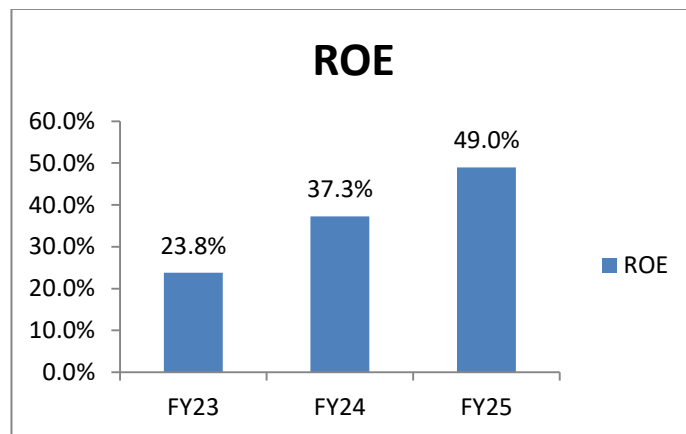
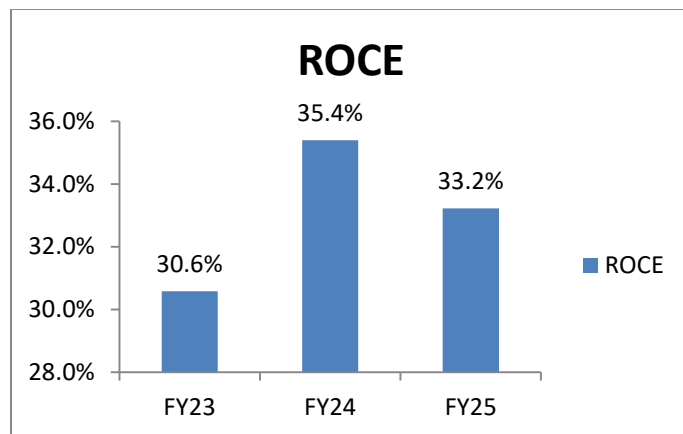
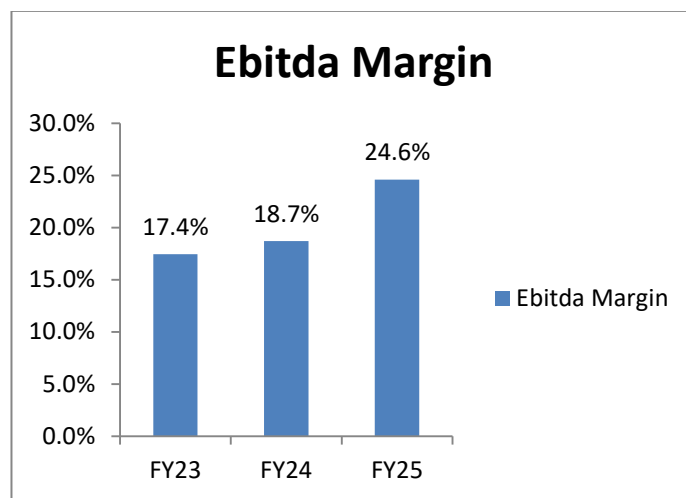
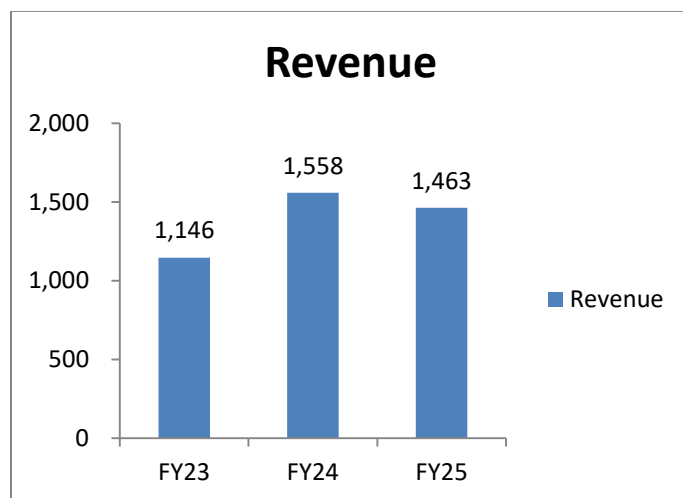
Company offers a comprehensive portfolio of solutions that are customizable & built for scale, and fulfil the requirements of customers primarily in the BFSI industry and also across other industry segments. Apart from payments solutions, the company offers Communication & Fulfilment Solutions which enables customers to facilitate various communication to end users including policy documents, account updates & statements, etc either in physical or in digital form as per requirements. Further, as part of its IoT Solutions, STL supplies Radio frequency identification (RFID) tags which assist with supply chain visibility, asset tracking, warehouse management, etc.

Risks

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Financials

Consolidated

P&L (Rs. Cr)	FY23	FY24	FY25
Net Revenue	122	199	252
% Growth		63%	27%
Purchase in stock	0	0	0
% of Revenues	0.0%	0.0%	0.0%
Employee Cost	45	62	74
% of Revenues	36.7%	31.2%	29.3%
Other expenses	54	75	97
% of Revenues	44.4%	37.5%	38.3%
EBITDA	23	62	82
EBITDA Margin	18.9%	31.3%	32.4%
Depreciation	5	7	9
Other Income	2	4	2
Interest	5	5	4
Exceptional	0	-2	0
PBT	16	52	70
Tax	4	14	18
Tax rate	27%	27%	26%
PAT	11	38.0	51.7
Minority Int	0	0	0.00
Adj PAT	11.4	38.0	51.7
% Growth		233%	36%
EPS (Post Issue)	5.2	17.2	23.3

Ratios & Others	FY23	FY24	FY25
Debt / Equity	0.5	0.2	0.3
EBITDA Margin (%)	19%	31%	32%
PAT Margin (%)	9%	19.1%	20.5%
ROE (%)	9.2%	30.6%	41.6%
ROCE (%)	16.7%	39.9%	33.4%

Turnover Ratios	FY23	FY24	FY25
Debtors Days	24	21	52
Inventory Days	-	-	-
Creditor Days	59	38	19
Asset Turnover (x)	1.01	1.40	1.13

Valuation Ratios	FY23	FY24	FY25
Price/Earnings (x)	173	52	38
EV/ EBITDA (x)	85	32	24
EV/Sales (x)	16	10	8
Price/BV (x)	24	17	11

Source: Company Data, NBRR

Balance Sheet (Rs. Cr)	FY23	FY24	FY25
Share Capital	15	15	20
Other Equity	63	102	151
Non controlling Int	6	0	0
Networth	84	117	172
Total Loans	38	25	51
Lease Liabilities	16	16	13
Other non-curr liab.	3	11	22
Trade payable	20	21	13
Other Current Liab	16	12	6
Total Equity & Liab.	176	202	277
Property, Plant and Equipment	10	2	4
Capital work-in-progress/Investment proper	3	0	0
Goodwill/Right of Use Assets/intangible ass	16	15	12
Non Currrent Financial assets	21	6	6
Other non Curr. assets	12	15	15
Inventories	0	0	0
cash and cash equivalents	7	18	5
Bank bal	6	0	0
Trade receivables(debtor)	8	12	36
Other Current assets	92	133	198
Total Assets	176	202	277

Cash Flow (Rs. Cr)	FY23	FY24	FY25
Profit Before Tax	16	52	70
Provisions & Others	12	11	14
Op. profit before WC	28	63	84
Change in WC	-17	-68	-101
Less: Tax	-8	-12	-6
CF from operations	3	-17	-23
Purchase of assets	-3	-0	-4
Sale of property	0	16	0
Dividend & Interest	0	25	0
Proceeds from Sale/Redemption of fixed dep	-5	6	0
CF from Investing	-8	47	-4
Payment of lease liabilities	-5	-9	-3
Proceeds/ Repayment Borrowings	13	-10	26
interest & div paid	-3	0	-9
CF from Financing	5	-19	14
Net Change in cash	-1	11	-13
Cash & Bank at beginning	8	7	18
Cash & Bank at end	7	19	5

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