Manipal Payments and Identity Solutions SUBSCRIBE

India's Largest Card Maker, Priced Ahead of Its Only Peer

Summary

Incorporated in 2008 and headquartered at Manipal, Karnataka, Manipal Payment and Identity Solutions Limited ("MPISL") is part of The Manipal Group and supplies payment solutions, identification solutions, secure solutions and smart tagging and IoT solutions to banks, fintechs, NBFCs and governments. It was among the largest manufacturers of payment cards globally and in India in FY26, with an estimated 36.4% share of credit card issuance and 30.9% of debit card issuance in India, having billed 13.54mn credit cards and 72.66mn debit cards (F&S). Operations run from 10 facilities across 11 cities, including 14 personalisation bureaus and five cheque printing facilities. Revenue compounded at only 3.14% over FY24-26 to INR 13,267.53mn, while EBITDA margin expanded 556bps from 28.04% to 33.60% and gross margin from 52.30% to 65.51%. Reported PAT of INR 2,534.62mn in FY26 is down 10.19% on FY25, but FY25 carried an exceptional gain of INR 1,100.00mn on a related party transaction; excluding exceptionals, PBT rose 43.86% to INR 3,516.67mn. Total borrowings fell from INR 4,494.74mn to INR 4.16mn. At the Cap Price of Rs339 the post-Issue market capitalisation is INR 78,581.7mn, valuing the Company at 29.4x FY26 basic EPS, 30.1x diluted EPS and 31.0x post-Issue EPS, against 24.97x for Seshaasai Technologies, the sole listed peer named in the RHP. We recommend subscribing to the IPO for the listing gains.

Key Investment Rationale

- **Structural leader in a certification-gated, consolidated market:** Highest ranked Indian and 11th ranked global card manufacturer by chip card shipments in CY2023 (Nilson), with 344 customers in FY26 including 22 private banks, 12 PSBs, 11 small finance banks, 78 co-operative banks and over 60 fintechs. Average relationship with the top 10 customers is 12.46 years and 72.70% of revenue comes from customers of more than five years' standing.
- **Margin and balance sheet repair ahead of the raise:** EBITDA margin of 33.60% in FY26 against 28.04% in FY24 on a 1,321bps gross margin expansion and a 56.09% fall in finance costs. Total borrowings are down from INR 4,494.74mn in FY24 to INR 4.16mn, and RoCE stands at 32.69% against 22.89% for the listed peer.
- **Optionality beyond the core card:** Exports grew 5.4x over FY24-26 to INR 956.97mn; the Indian metal cards market is forecasted to compound at 47.6% to INR 20,983mn by FY30; and the Revenue Assurance business adds tax stamps, holograms and RFID.

Issuer	Manipal Payment and Identity Solutions Limited (formerly MCT Cards & Technology Limited)
Transaction Type	Fresh Issue of up to INR 3,200.00 Mn and Offer for Sale of up to 1,43,06,785 Equity Shares by Manipal Technologies Ltd.
Issue Open / Close	09-Sep-2026 / 11-Sep-2026 (Anchor: 08-Sep-2026)
Type of Offering	Fresh Issue and Offer for Sale
Total Offer Size	Rs. 8,050.0 Mn (2,37,46,313 Equity Shares at Cap Price)
Price Band	Rs. 322-339/Share (Face value Rs. 2)*
Bid Lot	44 Equity Shares and in multiples thereafter
Percentage of Offer Size (Allocation)	● QIB: Not less than 75% ● NII: Not more than 15% ● Retail: Not more than 10%
Objective	Capital expenditure on new and second-hand equipment at the card manufacturing, personalisation, cheque printing, CCPC and Smart Tagging & IoT facilities (INR 2,384.26mn). General corporate purposes

Share holding pattern (%)

	Pre-Issue	Post-Issue
Promoter	61.55%	53.92%
Public	38.45%	46.08%
Total	**100%**	**100%**

**Post-Issue computed at the Cap Price. Public includes 1.29% held by the ESDS Employee Benefit Trust.*

Financial Snapshot

(Rs mn)	FY24	FY25	FY26
Revenue	12,475.22	12,560.71	13,267.53
Change yoy, %	-	*0.69*	*5.63*
EBITDA	3,555.72	4,087.66	4,558.32
EBITDA Margin (%)	*28.04*	*32.01*	*33.60*
Adj. PAT	2,492	1,722	2,559
EPS (Rs)	11.53	13.65	12.05

Source: RHP

Darshan Bhutra
darshan.bhutra@idbicapital.com
+91-22-4069 1790

Parth Mandavgane
parth.mandavgane@idbicapital.com
+91-22-4069 1792

COMPANY OVERVIEW & BUSINESS MODEL

Manipal Payment and Identity Solutions Limited was incorporated in Karnataka on February 19, 2008 as MCT Cards & Technology Private Limited and adopted its present name in 2024. It is promoted by Tonse Gautham Pai, T. Satish U. Pai, Sandhya S. Pai, Manipal Technologies Limited ("MTL"), Manipal Media Network Limited, Tridevitha Consultancy Services Private Limited and Tridevita Family Trust - 2017. The Manipal Group commenced operations in 1948 as Express Printers Private Limited, printing for banks in India.

The business sits at the physical, security-certified end of the payments and identity chain. Rather than compete on software or on consumer-facing fintech, the Company manufactures and personalises the credential itself, and the entry barrier is certification rather than technology. It has held Mastercard certification for over 16 years and RuPay for over nine, its facilities carry PCIDSS Level 1 v4.0.1, and the Manipal facility is certified to INTERGRAF Central Bank Level. Losing a certification would remove the ability to serve every issuer on that network, which is why customer relationships are long and switching is slow.

Service Portfolio

The portfolio has four legs. Payment solutions comprise payment cards (PVC, rPVC, metal, colour core, LED, holographic, Braille and image cards), cheque solutions, NFC and QR stickers, payment-enabled wearables and digital automation kiosks. Identification solutions comprise national identity cards, driving licences, registration certificates and intelligent transit management. Secure solutions comprise secure logistics, insurance customer communication management, holograms and coated products including VVPAT rolls. Smart tagging and IoT solutions, acquired from MTL with effect from April 1, 2025, comprise excise tax stamps with encrypted QR codes, RFID track-and-trace and anti-counterfeiting. Eight in-house technology platforms sit across these, namely MPi PersonaPrint, IssuNow, WatchGrid, DriveSuite, CommuteCore, TracLogix, ChannelSync, TraceSync and Valid8r.

Exhibit 1: Service Offerings and Technology Platforms

Source: RHP, IDBI Capital Research

Exhibit 2: Revenue by Product and Service Category (Rs mn)

Particulars	FY26	% Rev	FY25	% Rev	FY24	% Rev
Sale of products						
Cards - manufactured and traded	7,595.21	57.25	7,334.84	58.40	7,437.00	59.61
Cheque books, collaterals and identity cards	1,209.19	9.11	1,107.54	8.82	1,096.26	8.79
Tax stamps, holograms, thermal and RFID products	1,801.31	13.58	1,585.12	12.62	2,160.62	17.32
Others	658.51	4.96	642.37	5.11	268.76	2.15
Sale of services						
Personalisation of cards	499.42	3.76	548.65	4.37	856.75	6.87
Others	1,503.89	11.34	1,342.19	10.69	655.83	5.26
Revenue from operations	**13,267.53**	**100.00**	**12,560.71**	**100.00**	**12,475.22**	**100.00**

Source: RHP, IDBI Capital Research

The mix shift over FY24-26 is the analytically important part. Cards, the core, grew 2.13% over two years and fell as a share of revenue from 59.61% to 57.25%. Personalisation of cards, the higher-value service leg, declined 41.71% from INR 856.75mn to INR 499.42mn. The two lines that grew were the ones acquired from the promoter: cheques and collaterals, and the smart tagging and tax stamps portfolio. Growth in the reported period has therefore come substantially from consolidating businesses purchased from MTL rather than from the underlying card franchise, and the acquisitions were restated into all three years as common control transactions, which suppresses the apparent contribution.

Exhibit 3: Revenue by Geography and Customer Type (Rs mn)

Particulars	FY26	% Rev	FY25	% Rev	FY24	% Rev
Domestic - Government	2,024.00	15.26	2,293.61	18.26	3,158.92	25.32
Domestic - Non-Government	10,286.56	77.53	9,722.81	77.41	9,140.10	73.27
Export - Government	-	-	-	-	-	-
Export - Non-Government	956.97	7.21	544.29	4.33	176.20	1.41
Revenue from operations	**13,267.53**	**100.00**	**12,560.71**	**100.00**	**12,475.22**	**100.00**

Source: RHP, IDBI Capital Research

Government revenue has fallen for two consecutive years, from 25.32% of revenue in FY24 to 15.26% in FY26, an absolute decline of INR 1,134.92mn. Exports have taken its place, rising 5.4x over the same period to INR 956.97mn, or 7.21% of revenue, on card supply to the UK, Singapore, Bahrain, Hong Kong, Oman, the Maldives, Mauritius, South Africa, Bangladesh, Brazil, Bolivia, Nigeria, Nepal, Sri Lanka and the UAE. Exported chip-based cards rose from 2.25mn to 10.42mn units. The Company has subsidiaries in the UK, USA, UAE and Nigeria and on-ground sales consultants in 14 jurisdictions.

MANUFACTURING FOOTPRINT AND CAPACITY

The Company serves customers through 10 facilities: one card manufacturing facility and personalisation bureau and one card manufacturing and cheque printing facility, both in Manipal; personalisation bureaus at Navi Mumbai, Noida and Chennai (the latter two with cheque printing); cheque printing facilities at Navi Mumbai and Howrah; and three smart tagging and coated products facilities at Manipal and Bengaluru. Five CCPCs operate inside RTO premises at Port Blair, Raipur, Mumbai, Nagpur and Aurangabad, covering around 88 RTOs across three states with over 254 deployed personnel. Nine of the 10 facilities and every warehouse are on leased premises, four of them leased from related parties.

Exhibit 4: Pan-India Manufacturing and Personalisation Footprint

Source: RHP

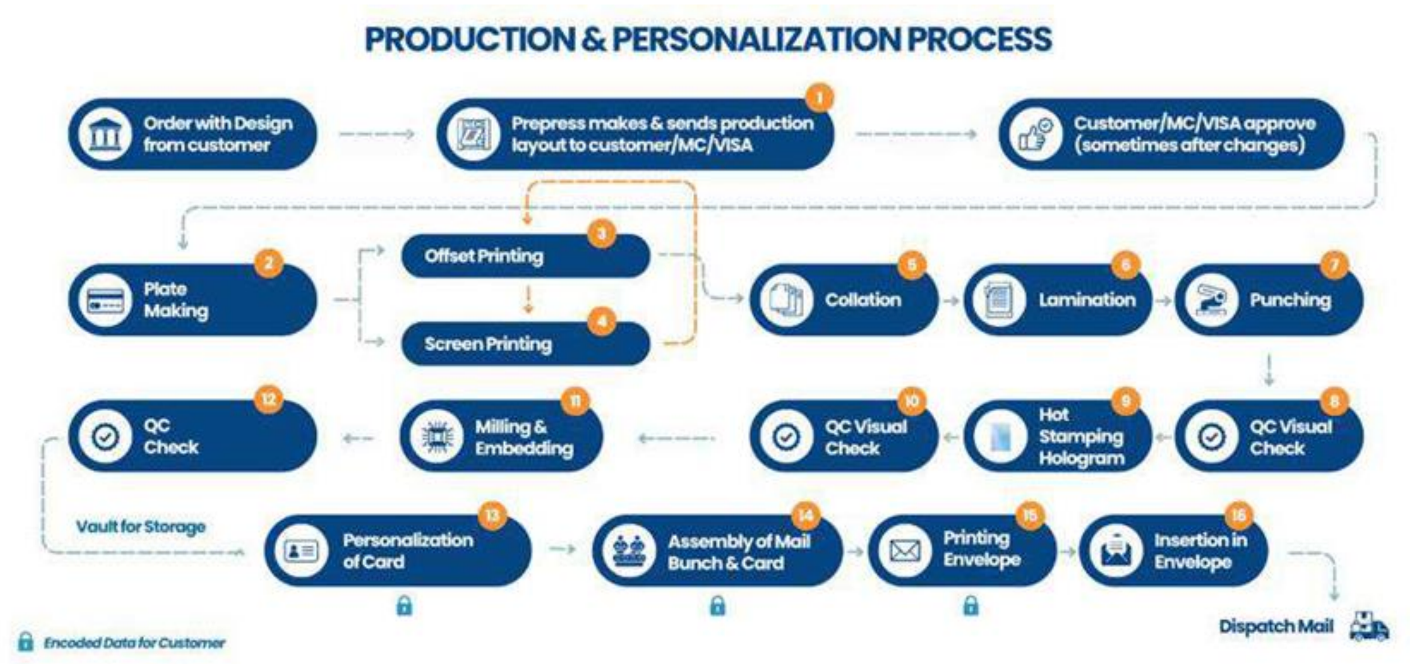
Exhibit 5: Installed Capacity, Production and Utilisation

Business	FY26 Cap.	FY26 Prod.	FY26 %	FY25 Cap.	FY25 Prod.	FY25 %	FY24 Cap.	FY24 Prod.	FY24 %
Plastic card manufacturing (mn)	118.30	81.68	69.05	120.12	79.21	65.95	109.20	94.30	86.36
Metal card manufacturing (mn)	0.67	0.52	77.24	0.43	0.38	89.98	0.11	0.01	7.33
Cheque leaf printing (mn)	2,673.22	860.56	32.19	2,673.22	925.83	34.63	2,673.22	1,186.63	44.39
Secure solutions - offset printing (mn)	272.56	100.11	36.73	272.56	104.96	38.51	272.56	148.60	54.52
Tax stamps (mn)	8,019.65	5,435.39	67.78	6,816.70	5,293.32	77.65	6,415.72	5,248.97	81.81

Source: RHP, IDBI Capital

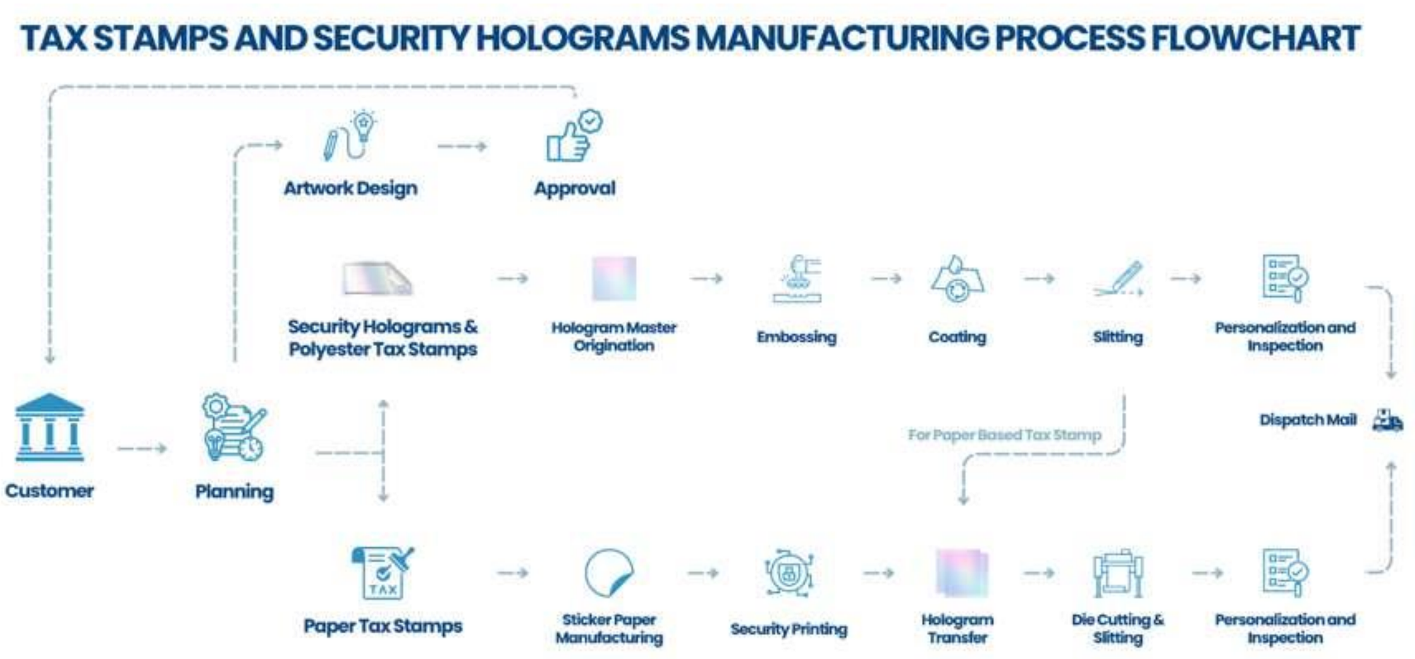
Utilisation is the weakest part of the operating picture. Plastic card utilisation has fallen from 86.36% in FY24 to 69.05% in FY26 on an installed base that is 8.3% larger. Cheque leaf utilisation has fallen for two consecutive years to 32.19% on flat capacity, consistent with the structural decline of the cheque. Offset printing is at 36.73%. Tax stamp utilisation fell from 81.81% to 67.78% as capacity was expanded 25.0% while production rose 3.6%. The Company is raising primary capital principally to add further equipment into a base that is already materially under-utilised in four of its five product lines, which is the central operating question in this issue.

Exhibit 6: Card Production and Personalisation Process



Source: RHP

Exhibit 7: Tax Stamps and Security Holograms Manufacturing Process



Source: RHP

CUSTOMERS, CONCENTRATION AND SUPPLIERS

The Company served 344 customers in FY26 against 315 in FY25 and 307 in FY24. In FY26, it served 22 private banks, 12 PSBs, 11 small finance banks and 78 co-operative banks, and had relationships with over 60 fintechs and payment banks including Airtel Payments Bank, Scapia and Revolut. PSB relationships include State Bank of India (over 15 years), Bank of India (over 15 years), Indian Bank (over 15 years), Canara Bank (over 14 years) and Central Bank of India (over 14 years). Concentration has eased steadily, with the top 10 down from 62.51% of revenue in FY24 to 58.67% in FY26 and the largest customer at 9.93%.

Exhibit 8: Customer and Operating Metrics

Particulars	FY26	FY25	FY24
Total customers (No.)	344	315	307
Revenue from largest customer (%)	9.93	11.64	10.97
Revenue from top 5 customers (%)	38.58	40.94	43.03
Revenue from top 10 customers (%)	58.67	60.98	62.51
Revenue from customers of over 5 years' standing (%)	72.70	68.78	79.51
Average relationship with top 10 customers (years)	12.46	11.21	12.87
Chip-based banking cards billed (mn)	86.20	86.15	92.00
of which exported (mn)	10.42	6.93	2.25
Identity solution documents billed (mn)	122.12	127.12	137.99
Number of personalisation bureaus (No.)	14	14	12
Net working capital days	70.80	45.55	41.71

Source: RHP, IDBI Capital Research

Two things sit under the improving concentration figures. First, volumes are not growing. Chip-based banking cards billed fell from 92.00mn in FY24 to 86.20mn in FY26, and identity documents billed fell from 137.99mn to 122.12mn. The Company is holding a roughly 31.7% share of a market that is expanding in value faster than in units, and the revenue growth it has reported has come from mix, price and acquisition rather than from throughput. Second, MTL, the promoter and the selling shareholder, is itself the third largest customer at INR 1,106.62mn or 8.34% of FY26 revenue, described in the RHP as sales to third-party end customers still invoiced through MTL pending novation of contracts. On the supply side, related parties Techshresta Solutions (9.67%) and MTL (3.38%) together account for 13.05% of total purchases, with the largest supplier concentration at 9.67% and the top 10 at 56.05%. Imports were 49.56% of total purchases in FY26.

The MTL Business Transfers and the Amalgamation Adjustment Deficit

The Company has bought two businesses from its promoter in two years. Under the VDP Division BTA dated April 30, 2024, effective March 31, 2024, it acquired MTL's variable data print and secure logistics division, comprising cheque printing, personalised statements, government identity, insurance policy booklets and secure logistics, for INR 550.00mn. Under the Revenue Assurance BTA dated April 1, 2025, effective the same date, it acquired MTL's tax stamps, holograms, coated products, smart tagging and IoT business for INR 3,600.00mn. Both were slump sales at fair values certified by an IBBI-registered valuer, and both are common control transactions restated into all three reported years.

Because they are common control transactions, the excess of consideration over net assets acquired is not goodwill but is parked in an amalgamation adjustment deficit account within equity. Reported total equity at March 31, 2026 is INR 7,919.00mn, but the total equity used in the RHP's own leverage reconciliation, excluding this account, is INR 11,073.39mn. The difference is a constant INR 3,154.39mn in each of FY24, FY25 and FY26. RoNW of 22.93% and NAV per share of Rs48.84 are computed on the larger base. On reported book value of Rs35.61 per share the Cap Price is 9.5x book, against 6.9x on the RHP's NAV. This is the single most important adjustment in analysing this issue.

The related party column is also worth quantifying. Related party transactions were 96.10% of revenue from operations in FY25 and 15.22% in FY26. The FY25 figure is inflated by a single circular transaction: in FY25 the Company bought 10,000 equity shares and 33,990,000 CCDs of Primacy Industries Private Limited, a group company, for INR 4,500.00mn and sold those instruments to MTL, booking an exceptional gain of INR 1,100.00mn, being 39.0% of FY25 reported PAT. Stripping that out, FY25 PAT was INR 1,722.14mn and FY26 PAT of INR 2,534.62mn is up 47.2%, not down 10.2%. Both the headline decline and the headline FY25 profit are artefacts of the same item.

Investment Rationale

- **Scale and certification form a genuine moat:** MPISL was the highest ranked Indian company and 11th globally by shipment of chip payment cards in CY2023 with 102.2mn units (Nilson, Issue 1272), and among the top 10 card manufacturers for Mastercard and one other network globally. Certification with Mastercard, RuPay and other networks requires facility-level physical and logical security assessment, periodic re-inspection and PCI SSC card production compliance. A new entrant cannot buy its way past this, and issuers will not move a certified, audited vendor for price alone. Certifications have been renewed without interruption and no security breach has been reported in three Fiscals.

- **Gross margin has re-rated by 1,321bps in two years:** Gross margin rose from 52.30% in FY24 to 63.35% in FY25 and 65.51% in FY26 as cost of materials fell from 47.70% to 34.49% of revenue on supplier renegotiation and mix. EBITDA margin followed, from 28.04% to 33.60%, and EBITDA grew at a 13.2% CAGR against revenue growth of 3.1%. The margin gain is real and cost-led rather than volume-led, which makes it more durable than an operating leverage story but also caps how much further it can run.

- **A fully deleveraged balance sheet going into the raise:** Total borrowings fell from INR 4,494.74mn in FY24 to INR 4.16mn at March 31, 2026, following the redemption of INR 2,500.00mn of debentures and the conversion of 2,000 OCDs into 15,560,000 Equity Shares in May 2025. Finance costs fell 56.09% to INR 479.09mn. Debt to equity is 0.00x against 1.11x in FY24, and outstanding fund-based borrowings at June 30, 2026 were INR 6.91mn against sanctions of INR 1,910.44mn.

- **A structurally growing addressable market with a value mix tailwind:** The India cards issuance market is forecast to grow from 265.7mn units in FY20 to 575.0mn by FY30, a 12.9% CAGR over FY26-30, but the value pool is forecast to grow far faster at a 20.8% CAGR to INR 66,425.2mn, driven by metal card realisation and credit card penetration. India's payment card penetration is one per adult against 7.2 in the USA and 8 in China.

- **Metal cards and exports are the two identifiable growth vectors:** The Company holds a patent for metal card manufacturing in India, is certified by Mastercard and other networks for metal cards, supplies metal cards to the top four Indian credit card issuers and had capacity for 0.16mn metal cards per quarter at March 31, 2026 running at 77.24% utilisation. Indian metal card issuance is forecast to compound at 47.2%

in units and 47.6% in value to INR 20,983mn by FY30. Metal cards carry materially higher realisation and margin than PVC.

- **Bundled cards, cheques and logistics raise the switching cost:** The VDP acquisition allows the Company to bid cards, cheque books, collaterals and secure logistics as a single mandate. Banks increasingly prefer one vendor across the three, which structurally disadvantages competitors offering only cards or only cheques. The Company served over 19,000 PIN codes and delivered to over 15 countries as of March 31, 2026.
- **Government identity work is a durable, tender-gated annuity:** The Company is a designated print service provider for national identity cards, has billed over 1,000mn paper-based and over 12mn PVC-based national identity cards, also has been selected for 17 central and state projects over three Fiscals with tenures of one to 10 years. It is among the select partners engaged for MORTH-compliant polycarbonate ID cards and runs DL and RC issuance for Maharashtra and Chhattisgarh.

MARKET POSITION & INDUSTRY OUTLOOK

Competitive Position

The domestic field is narrow. In India, the key card manufacturers are MPISL, Seshaasai, Idemia, G+D and KL Hi-Tech. globally the leaders are Thales (945.0mn chip cards shipped in CY2023), Idemia (676.0mn) and G+D (567.0mn), with MPISL 11th at 102.2mn units. Seshaasai is the only listed Indian comparable. On FY26, numbers MPISL is 7.9% smaller by revenue than Seshaasai but converts at a 625bps higher EBITDA margin, a 203bps higher PAT margin and materially higher RoE and RoCE. Seshaasai's revenue has declined in each of the last two years while MPISL's has grown, though from a low base.

Exhibit 9: Shipment of Payment Cards by Manufacturer (CY2023)

Rank	Manufacturer, Headquarters	Payment cards with chips (mn)
1	Thales, France	945.0
2	Idemia, France	676.0
3	G+D, Germany	567.0
4	XH Smart Tech, China	152.4
5	CPI Card Group, US	149.7
6	Eastcompeace, China	142.6
7	Hengbao, China	140.4
8	Tianyu Inform Industry, China	126.4
9	Goldpac, Hong Kong	120.6
10	AustriaCard, Australia	113.5
11	**Manipal Payment and Identity Solutions Ltd., India**	**102.2**

Source: Nilson Report, October 2023, Issue 1272, as cited in the RHP. Chip card types include dual interface, microprocessor, memory and contactless.

Exhibit 10: Addressable Market Size and Growth

Market	FY20 (units)	FY30 (units)	Unit CAGR (%)	FY30 value (Rs mn)	Value CAGR (%)
India total cards issuance	**265.7mn**	**575.0mn**	**12.9**	**66,425.2**	**20.8**
Metal cards	0.1mn	10.5mn	47.2	20,983	47.6
Credit cards	26mn	123mn	34.8	22,266	43.2
Debit cards	184mn	314mn	7.5	30,917	12.1
Prepaid payment instruments	48mn	98mn	15.6	7,360	19.2
Smart cards / government ID	8.4mn	40.2mn	10.4	5,883	22.5
India cards outstanding	1,111mn	2,547mn	8.3	-	-
India RFID market	-	-	-	108,500	14.6

Source: F&S Report as cited in the RHP, IDBI Capital. CAGRs are for the FY26-FY30 period except debit card value (FY25-FY30) and RFID (FY25-FY30, from Rs47.8bn in FY24). The F&S Report was exclusively commissioned and paid for by the Company.

Industry Growth Drivers

- **Value pool growing faster than volume:** India's cards issuance market is forecasted to grow 12.9% a year in units but 20.8% in value over FY26-30, as premium form factors, metal and credit displace basic PVC debit. That mix shift is the single most important variable for a manufacturer's revenue per card.
- **Low penetration on a large base:** Payment cards per adult in India stand at 1 against 7.2 in the USA, 8 in China and 2.3 in Europe. Credit cards in circulation are forecasted to rise from 58mn in FY20 to 261mn by FY30, a 21.8% CAGR over FY26-30. Credit card transaction value reached INR 23,624.7bn in FY26.
- **Replacement, not just new issuance:** Every payment card carries an expiry date and is reissued before it, so a stock of 2,547mn cards outstanding by FY30 generates a recurring replacement stream independent of new customer acquisition. This is the structural defence against the argument that digital payments obsolete the card.
- **Government mandates create new physical credential demand:** MORTH has directed state governments to shift from PVC to longer-life polycarbonate identity cards, which requires laser engraving capability that few vendors hold. Smart card and government ID issuance is forecasted to grow from 8.4mn units in FY20 to 40.2mn by FY30. The GST Council's unique-code rules for pan masala widen the tax stamp footprint beyond liquor.
- **Traceability and anti-counterfeiting is a separate secular market:** The Indian RFID market is forecasted to grow from INR 47.8bn in FY24 to INR 108.5bn by FY30 at a 14.6% CAGR, against a global market of INR 2,774.5bn by 2030. This is where the Revenue Assurance acquisition positions the Company.

FINANCIAL PERFORMANCE & ANALYSIS

Exhibit 11: Key Performance Indicators

KPI	FY26	FY25	FY24
Revenue from operations (Rs mn)	13,267.53	12,560.71	12,475.22
Revenue growth (%)	5.63	0.69	NA
EBITDA (Rs mn)	4,558.32	4,087.66	3,555.72
EBITDA Margin (%)	33.60	32.01	28.04
Gross Profit Margin (%)	65.51	63.35	52.30
Profit after Tax (Rs mn)	2,534.62	2,822.14	2,491.65
PAT Margin (%)	18.68	22.10	19.65
Return on Equity (%)	29.35	55.08	79.42
Return on Capital Employed (%)	32.69	33.97	51.95
Fixed Asset Turnover Ratio (x)	4.73	7.27	9.78
Revenue from export sales (Rs mn)	956.97	544.29	176.20
Revenue from domestic sales (Rs mn)	12,310.56	12,016.42	12,299.02
Volume of banking cards (mn)	86.20	86.15	92.00
Number of personalisation bureaus (No.)	14	14	12
Net Working Capital Days	70.80	45.55	41.71
Current Ratio (x)	2.90	1.66	4.76
Debt to Equity Ratio (x)	0.00	0.76	1.11

Source: RHP, IDBI Capital Research. KPIs certified by Vasan & Sampath LLP dated September 3, 2026. EBITDA and PAT Margin are computed on total income. Debt to Equity uses total equity excluding the amalgamation adjustment deficit account.

Revenue and Margin Analysis

Revenue from operations grew 5.63% in FY26 to INR 13,267.53mn after 0.69% in FY25, a 3.14% CAGR over FY24-26. FY26 growth came from sale of services, up 5.95% to INR 2,003.31mn on secure logistics, and sale of products, up 5.57% to INR 11,264.22mn on tax stamps, holograms, thermal and RFID. Other operating revenue fell 12.85%. Total income rose 6.22% to INR 13,565.92mn, helped by other income up 41.85% to INR 298.39mn on INR 71.53mn of profit on redemption of mutual fund investments and a INR 134.16mn credit from settlement of a financial guarantee obligation, so roughly 11% of the growth in total income is non-operating.

Margin expansion was cost-led. Total expenses fell 2.68% to INR 10,049.25mn against 5.63% revenue growth. Cost of materials consumed fell 1.99% to INR 4,192.02mn on supplier renegotiation, and the aggregate material cost line fell from 47.70% of revenue in FY24 to 34.49% in FY26. Employee benefits rose 9.30% to INR 1,138.62mn on increments and incentives. Finance costs fell 56.09% to INR 479.09mn as debentures were redeemed and converted. Other expenses rose 8.36% to INR 3,292.90mn, led by freight up from INR 552.60mn to INR 792.01mn on the secure logistics business, labour charges up to INR 520.49mn, legal and professional up to INR 125.04mn and CSR up to INR 41.60mn.

Depreciation rose only 1.93% to INR 562.56mn, but the composition changed sharply: right-of-use depreciation rose from INR 200.89mn to INR 319.59mn as machinery was taken on lease, while depreciation on owned property, plant and equipment fell from INR 325.25mn to INR 237.19mn on sale and impairment of assets. The effective tax rate rose from 20.38% to 27.43% as the FY25 deferred tax credit of INR 90.18mn reversed into a INR 38.81mn charge.

Two items temper the earnings quality. First, the FY25 exceptional gain of INR 1,100.00mn on the Primacy Industries instruments sold to MTL makes the FY25 base non-comparable and turns a 47.2% underlying rise in PAT into a reported 10.19% fall. Second, EBITDA margin as disclosed is computed on total income rather than revenue from operations, which flatters it as other income grows; on revenue from operations FY26 EBITDA margin is 34.36%.

Balance Sheet, Cash Flow and the Customer Advance

The balance sheet has been transformed on the liability side and stressed on the asset side. Total borrowings fell from INR 4,494.74mn in FY24 to INR 4,728.66mn in FY25 and INR 4.16mn in FY26. But lease liabilities rose from INR 429.37mn to INR 1,524.35mn and right-of-use assets from INR 437.70mn to INR 1,699.01mn over the same period. On a debt plus lease basis, leverage is 0.14x rather than 0.00x. Property, plant and equipment rose from INR 893.43mn to INR 1,789.87mn. The consequence is visible in fixed asset turnover, which halved from 9.78x in FY24 to 4.73x in FY26: the productive asset base has grown far faster than revenue.

Working capital has deteriorated materially. Net working capital days rose from 41.71 in FY24 to 45.55 in FY25 and 70.80 in FY26. Inventory days rose from 32.8 to 50.3 as inventories grew 67.0% to INR 1,827.61mn against 5.63% revenue growth. Debtor days rose from 34.9 to 54.3 as trade receivables grew 41.9% to INR 1,973.84mn. Creditor days rose more modestly, from 26.0 to 33.8. The consequence is that operating cash flow fell 26.98% to INR 2,629mn even as operating profit before working capital changes rose 8.91% to INR 4,327.69mn, with a INR 1,320.19mn working capital outflow in FY26 against INR 402.40mn in FY25. Cash conversion, measured as operating cash flow to EBITDA, fell from 69.6% to 45.6%.

Investing cash flow of positive INR 2,292.75mn in FY26 is not an operating signal. It is the net of INR 5,594.40mn of proceeds from sale of the Primacy Industries instruments and INR 1,112.05mn of mutual fund redemptions against INR 3,600.00mn paid to MTL for the Revenue Assurance business and INR 813.70mn of capital expenditure. Financing outflow of INR 3,275.06mn is dominated by INR 2,500.00mn of debenture redemption. Cash and cash equivalents closed at INR 1,551.36mn, with a further INR 443.74mn of other bank balances and INR 610.88mn of current investments.

Contingent liabilities stood at INR 2,761.51mn at March 31, 2026, or 24.98% of net worth, of which INR 1,422.08mn is tax claims and INR 1,307.75mn bank guarantees. The dominant tax exposure is the excise classification dispute on whether personalisation and fulfilment of banking cards constitutes manufacture, with two CESTAT appeals carrying demands of INR 517.17mn plus an equal penalty and INR 249.53mn plus a INR 24.96mn penalty, against pre-deposits of only INR 60.35mn. Capital commitments not provided for were INR 408.77mn.

OBJECTS OF THE ISSUE & USE OF PROCEEDS

The Offer comprises a Fresh Issue of up to INR 3,200.00mn and an Offer for Sale of up to 14,306,785 Equity Shares by Manipal Technologies Limited, the promoter. At the Cap Price, the Offer for Sale is approximately INR 4,850.0mn, so 60.2% of the Offer accrues to the selling shareholder and not to the Company. None of the Objects have been appraised by any bank, financial institution or agency; funding requirements rest on management estimates and vendor quotations. Crisil Ratings Limited has been appointed Monitoring Agency.

Exhibit 12: Utilisation of Net Proceeds

Particulars	Amount from Net Proceeds (Rs mn)
Capital expenditure towards purchase and installation of new and second-hand equipment	2,384.26
General corporate purposes	815.70
Total Net Proceeds	3,200.00

Source: RHP, IDBI Capital.

Exhibit 13: Schedule of Deployment of Capital Expenditure on Equipment

Particulars	FY27 (Rs mn)	FY28 (Rs mn)	FY29 (Rs mn)
Capital Expenditure on Equipment	1,703.96	189.62	490.68
Total (Rs 2,384.26mn)	**1,703.96**	**189.62**	**490.68**

Source: RHP, IDBI Capital.

The equipment programme covers UV inkjet printers, CTP machines, card inspection systems, DoD personalisation machines, wire embedding, milling and embedding, card punching, CNC milling, laser printing and cutting machines, sourced from vendors in India, Germany and China with quotations denominated in EUR and USD and mostly expiring on or around December 31, 2026. A portion of the programme is explicitly for second-hand equipment, with estimated balance life of 2.93 to 14.90 years, part of it currently held by the Company on 60-month operating leases from the same vendors. The disclosed intent is to replace leased equipment with owned equipment, support metal cards and IoT devices and maintain buffer capacity.

PROMOTERS, MANAGEMENT & SHAREHOLDING

Promoters and Shareholding

The Promoters are Tonse Gautham Pai, T. Satish U. Pai, Sandhya S. Pai, Manipal Technologies Limited, Manipal Media Network Limited, Tridevitha Consultancy Services Private Limited and Tridevita Family Trust - 2017, holding 139,302,995 Equity Shares or 61.55% of fully diluted pre-Offer capital. The entire promoter holding sits in MTL; none of the three individual promoters holds any Equity Shares directly. MTL is in turn 71.46% held by Sandhya S. Pai as trustee of Tridevita Family Trust - 2017 and 12.71% by Sharath Investments Private Limited. The Company had a fully diluted pre-Offer capital of 226,307,000 shares, comprising 222,365,000 paid-up shares and 3,942,000 vested options; 6,795,000 options remain in force under the MCT Employee Stock Option Plan 2024 at an exercise price of Rs2**.**

Exhibit 14: Principal Shareholders (Pre-Issue, fully diluted)

Shareholder	Equity Shares	% Pre-Offer
Manipal Technologies Limited (Promoter)	139,302,995	61.55
Touchstone Trust Scheme IV	14,970,000	6.61
Think Investments PCC	6,453,220	2.85
Mukul Mahavir Agrawal	5,831,220	2.58
Nuvama Crossover Opportunities Fund - Series III	5,664,590	2.50
Amicus Capital Partners India Fund II	5,164,800	2.28
India SME Investments Fund II	5,109,253	2.26
Nuvama Crossover Opportunities Fund - Series IIIA	4,331,746	1.91
Nuvama Crossover Opportunities Fund - Series IIIB	3,332,112	1.47
Total holders of 1% or more	**190,159,936**	**84.03**
Total pre-Issue capital (fully diluted)	**226,307,000**	**100.00**

Source: RHP, IDBI Capital. Fully diluted basis, taking into account outstanding vested employee stock options.

Board and Management

The Board comprises eight Directors, of whom one is Executive, three are Non-Executive and four are Independent, including one Independent woman Director. Kukkundoor Girish Kini is Executive Director and Chief Executive Officer, a Manipal Institute of Technology graduate with The Manipal Group since 1997. Tonse Gautham Pai, Abhay Anant Gupte and Baikadi Narahari are Non-Executive Directors. Ramanath Pai has been Chief Financial Officer since February 2024 and is a member of the ICAI. Dattatri Manjunatha Hardur has been Company Secretary and Compliance Officer since May 2024. The senior management, comprising the COO, Chief Growth Officer, Chief People Officer and Chief Information Security Officer, is drawn substantially from within The Manipal Group.

Three governance points warrant mention. First, the RHP discloses as a risk factor that some Directors do not have prior experience as directors of listed companies. Second, two members of senior management were not on the Company's payroll in FY26: Arun Bhaskar, the Chief Information Security Officer, is a permanent employee of MTL and received INR 6.54mn from MTL, and Mayank Bhotika, Head of Strategic Finance and Treasury, is on secondment from MTL which paid him INR 10.15mn. Third, Tonse Gautham Pai, Abhay Anant Gupte and Padmaja Shailen Ruparel hold directorships in MTL, the counterparty to both business transfer agreements, and Abhay Anant Gupte is MTL's chief executive officer.

ANCHOR BOOK & MARKET SENTIMENT

The Anchor Investor bidding date is September 8, 2026, with up to 60% of the QIB Portion allocable to Anchor Investors on a discretionary basis, of which 33.33% is reserved for domestic mutual funds and 6.67% for life insurance companies and pension funds. Anchor allocations had not been published as at the date of this note. Because the Company did not fulfil the requirement under Regulation 6(1)(a) of the SEBI ICDR Regulations, the Offer is made under Regulation 6(2), so not less than 75% is available to QIBs and not more than 10% to Retail Individual Bidders.

There has been one qualifying primary issuance in the 18 months preceding the RHP: 15,560,000 Equity Shares allotted to Touchstone Trust Scheme IV on May 28, 2025 at Rs128.53 per share for INR 2,000.00mn, being 6.88% of fully diluted capital, on conversion of 2,000 optionally convertible debentures originally allotted in March 2024. The weighted average cost of acquisition for primary issuances is therefore Rs128.53 and the Cap Price of Rs339 is 2.64 times it. There have been no qualifying secondary transactions, so no secondary WACA exists. The weighted average cost of acquisition of the Promoter Selling Shareholder is Rs2.18 per Equity Share, at which the Cap Price is 155.5 times.

SWOT ANALYSIS

Strengths

- Highest ranked Indian and 11th ranked global card manufacturer by chip payment card shipments in CY2023 at 102.2mn units, with an estimated 36.4% share of Indian credit card issuance and 30.9% of debit card issuance in FY26.
- Certification moat: over 16 years of Mastercard and over nine years of RuPay certification, PCIDSS Level 1 v4.0.1, INTERGRAF Central Bank Level, ISO 27001:2022 and CMMI Level 5, with no interruption in renewal and no reported security breach in three Fiscals.
- EBITDA margin of 33.60% in FY26 against 27.35% for the listed peer, on gross margin expansion of 1,321bps over two years to 65.51%.
- Debt to equity of 0.00x with total borrowings of INR 4.16mn, following redemption of INR 2,500.00mn of debentures and conversion of INR 2,000.00mn of OCDs.
- RoCE of 32.69% and RoE of 29.35%, against 22.89% and 16.83% respectively for Seshaasai in FY26.
- Long, sticky customer relationships: average top 10 relationship of 12.46 years, 72.70% of revenue from customers of over five years' standing, and improving diversification with the top 10 down to 58.67% from 62.51% in FY24.
- Patent for metal card manufacturing in India, supply to the top four Indian credit card issuers, and patents held in India, Nigeria, South Africa, the USA and Australia.
- Bundled cards, cheques, collaterals and secure logistics proposition following the VDP acquisition, serving over 19,000 PIN codes.

Weaknesses

- Revenue growth of 0.69% in FY25 and 5.63% in FY26, a 3.14% CAGR over FY24-26, with chip-based card volumes falling from 92.00mn to 86.20mn and identity documents from 137.99mn to 122.12mn.
- Capacity utilisation is low and falling in four of five lines: plastic cards 69.05% (86.36% in FY24), cheque leaf 32.19% (44.39%), offset printing 36.73% (54.52%) and tax stamps 67.78% (81.81%).

- Fixed asset turnover halved from 9.78x to 4.73x as the owned and leased asset base grew far faster than revenue.
- Net working capital days rose from 41.71 to 70.80, with inventories up 67.0% and receivables up 41.9% against 5.63% revenue growth; operating cash flow fell 26.98% to INR 2,076.68mn.
- Reported total equity of INR 7,919.00mn is INR 3,154.39mn below the equity base used for RoNW and NAV, on account of the amalgamation adjustment deficit from the two common control acquisitions from MTL.
- FY25 PAT includes an exceptional gain of INR 1,100.00mn from buying Primacy Industries instruments and reselling them to the promoter, which distorts every FY25 comparison.
- Deep related party overlap: MTL is promoter, selling shareholder, vendor of both acquired businesses, third largest customer at 8.34% of revenue and a top 10 supplier at 3.38% of purchases.
- Nine of 10 facilities and all warehouses are leased, four from related parties, with several leases expiring between December 2026 and 2029.
- Personalisation of cards revenue, the higher-value service line, fell 41.71% over FY24-26 to INR 499.42mn.
- The Offer is 60.2% secondary at the Cap Price; only INR 3,200.00mn of the INR 8,050.0mn accrues to the Company.

Opportunities

- Indian metal card issuance forecast to grow from 0.1mn units in FY20 to 10.5mn by FY30, a 47.2% unit CAGR and 47.6% value CAGR to INR 20,983mn, against current capacity of 0.16mn per quarter.
- Exports up 5.4x over FY24-26 to INR 956.97mn, with agreements to manufacture and personalise cards for Revolut and on-ground consultants across 14 jurisdictions.
- India cards issuance value pool forecast to grow at a 20.8% CAGR to INR 66,425.2mn by FY30 against 12.9% unit growth, a favourable mix shift for a manufacturer.
- MORTH-mandated migration from PVC to polycarbonate identity cards, where the Company already runs DL and RC issuance for Maharashtra and Chhattisgarh across 88 RTOs.
- Indian RFID market forecast to grow from INR 47.8bn in FY24 to INR 108.5bn by FY30 at a 14.6% CAGR, addressed through the Revenue Assurance acquisition.

- Extension of tax stamp solutions beyond liquor into tobacco and pan masala following the GST Council's unique-code rules, and into international jurisdictions.
- Card payment penetration of one per adult in India against 7.2 in the USA and 8 in China, with credit cards outstanding forecast to compound at 21.8% over FY26-30.

Threats

- Global competition from Thales, Idemia and G+D, each of which ships between 5.5x and 9.2x the Company's chip card volumes and has manufacturing presence in India.
- Excise classification dispute on whether card personalisation and fulfilment constitutes manufacture, with demands of INR 517.17mn plus equal penalty and INR 249.53mn plus INR 24.96mn penalty pending at CESTAT Bangalore against pre-deposits of only INR 60.35mn.
- Promoter guarantee exposure: Tonse Gautham Pai's personal guarantee of USD 80.061mn for MVP Group International Inc. was invoked by Bank of Baroda New York to the extent of USD 77.46mn with insolvency proceedings initiated against him, currently under an interim stay from the Karnataka High Court. He separately guarantees INR 900.00mn of the Company's borrowings.
- Structural decline in cheque volumes, already visible in cheque leaf production falling from 1,186.63mn in FY24 to 860.56mn in FY26.
- Pricing pressure from card issuers seeking to reduce issuance cost, in a market where contracts carry no exclusivity or minimum purchase commitment and can be terminated without cause at short notice.
- Loss or non-renewal of a payment network certification would remove the ability to serve every issuer on that network.
- Cyber-security breach or data loss, given the Company handles cardholder personally identifiable information for banks and fintechs.
- Second-hand equipment risk on part of the INR 2,384.26mn programme, with balance life of 2.93 to 14.90 years and orders not yet placed, exposed to EUR and USD pricing.
- Regulatory record: a FEMA compounding order dated May 23, 2024 requiring payment of INR 1.59mn for delayed FC-GPR filings, delayed reporting of inward remittances and delayed refunds of excess share application money, and untraceable historical corporate records for certain allotments.

PEER COMPARISON & VALUATION

The Price Band of Rs322 to Rs339 was announced by the Company on September 4, 2026. On that band, the Fresh Issue of INR 3,200.00mn implies 9,439,528 new shares at the Cap Price, taking post-Offer paid-up capital to 231,804,528 shares and post-Offer market capitalisation to INR 78,581.7mn. On FY26 basic EPS of Rs11.53 this implies a P/E of 29.4x and on diluted EPS of Rs11.26, 30.1x. Those multiples use pre-Issue share count, as the RHP does. On post-Issue share count, FY26 PAT of INR 2,534.62mn gives EPS of Rs10.93 and a P/E of 31.0x at the Cap Price.

There is a single identified listed peer, Seshaasai Technologies Limited, trading at 24.97x FY26 diluted earnings as at August 31, 2026. The Company is asking for a 17.7% to 20.5% premium to it on basic and diluted FY26 EPS. The case for a premium is that MPISL converts at a 625bps higher EBITDA margin, a 203bps higher PAT margin, a 980bps higher RoCE and grew revenue 5.63% while Seshaasai's fell 1.50%, and that it carries essentially no debt. The case against is that a 3.14% two-year revenue CAGR on declining unit volumes, halving asset turnover and a 25-day deterioration in working capital do not obviously support a premium to a peer whose own multiple already embeds the same industry growth.

Exhibit 15: Listed Industry Peer Comparison (FY26)

Company	Revenue (Rs mn)	EBITDA Margin (%)	PAT (Rs mn)	PAT Margin (%)	RoNW (%)	NAV (Rs)	Diluted EPS (Rs)
Manipal Payment and Identity Solutions	13,267.53	33.60	2,534.62	18.68	22.93	48.84	11.26
Seshaasai Technologies	14,411.35	27.35	2,400.10	16.65	16.81	88.15	15.45

Source: RHP, IDBI Capital Research

Exhibit 16: KPI Comparison with Listed Peers (FY26)

Particulars	MPISL FY26	MPISL FY25	MPISL FY24	Seshaasai FY26	Seshaasai FY25	Seshaasai FY24
Revenue from operations (Rs mn)	13,267.53	12,560.71	12,475.22	14,411.35	14,631.51	15,582.56
Revenue growth (%)	5.63	0.69	NA	(1.50)	(6.10)	35.94
EBITDA (Rs mn)	4,558.32	4,087.66	3,555.72	3,940.89	3,703.65	3,030.10
EBITDA Margin (%)	33.60	32.01	28.04	27.35	25.13	19.30
Profit after Tax (Rs mn)	2,534.62	2,822.14	2,491.65	2,400.10	2,223.20	1,692.78
PAT Margin (%)	18.68	22.10	19.65	16.65	15.09	10.78
Return on Equity (%)	29.35	55.08	79.42	16.83	34.84	39.00
Return on Capital Employed (%)	32.69	33.97	51.95	22.89	31.87	33.47
Net Working Capital Days	70.80	45.55	41.71	NA	95	62

Source: RHP (F&S financial benchmarking), IDBI Capital Research

Exhibit 17: Implied Valuation Multiples

Particulars	At Floor Price (Rs322)	At Cap Price (Rs339)
Fresh Issue Equity Shares	99,37,888	94,39,528
Offer for Sale Equity Shares	1,43,06,785	1,43,06,785
Total Offer size (Rs mn)	7,806.8	8,050.0
Offer as % of post-Offer paid-up capital	10.44	10.24
Post-Issue equity shares	23,23,02,888	23,18,04,528
Post-Issue market capitalisation (Rs mn)	**74,801.5**	**78,581.7**
P/E on FY26 basic EPS of Rs11.53 (x)	27.9	29.4
P/E on FY26 diluted EPS of Rs11.26 (x)	28.6	30.1
P/E on post-Issue FY26 EPS of Rs10.93 (x)	29.5	31.0
EV/FY26 EBITDA, Net Proceeds treated as deployed (x)	16.2	17.0
EV/FY26 EBITDA, Net Proceeds treated as cash (x)	15.5	16.3
Market capitalisation to FY26 revenue (x)	5.6	5.9
P/B on 31-Mar-26 NAV of Rs48.84 (x)	6.6	6.9
P/B on 31-Mar-26 reported book value of Rs35.61 (x)	9.0	9.5
Cap Price to primary WACA of Rs128.53 (x)	2.50	2.64
Listed peer P/E as at 31-Aug-26 (x)	24.97	24.97

Source: IDBI Capital Research estimates based on RHP data and the Price Band announced on September 4, 2026. EV is computed as post-Issue market capitalisation less net cash of Rs2,601.82mn (cash Rs1,551.36mn plus other bank balances Rs443.74mn plus current investments Rs610.88mn less borrowings of Rs4.16mn) plus lease liabilities of Rs1,524.35mn. The second EV line further deducts the Rs3,200.00mn of Fresh Issue proceeds. Reported book value uses total equity of Rs7,919.00mn over 222,365,000 pre-Issue paid-up shares; NAV of Rs48.84 is as disclosed in the RHP on net worth excluding the amalgamation adjustment deficit account.

KEY RISK FACTORS

- **Growth quality and volume stagnation:** Revenue grew 0.69% in FY25 and 5.63% in FY26. Chip-based card volumes fell from 92.00mn in FY24 to 86.20mn in FY26 and identity documents from 137.99mn to 122.12mn. The revenue growth reported has been driven by mix, realisation and the consolidation of two businesses purchased from the promoter, not by throughput.
- **Related party density:** Related party transactions were 96.10% of revenue in FY25 and 15.22% in FY26. MTL is simultaneously the promoter, the sole selling shareholder, the vendor of both acquired businesses for an aggregate INR 4,150.00mn, the third largest customer at 8.34% of FY26 revenue and a top 10 supplier at 3.38% of purchases. Techshresta Solutions, also a related party, is the largest supplier at 9.67% of purchases. Four leased properties are taken from related parties.
- **Distortion of the FY25 base:** FY25 PAT of INR 2,822.14mn includes an exceptional gain of INR 1,100.00mn from acquiring Primacy Industries equity and CCDs for INR 4,500.00mn and selling them to MTL. Every year-on-year comparison against FY25 is affected.
- **Promoter guarantee and insolvency exposure:** Tonse Gautham Pai provided a personal guarantee of USD 80.061mn for credit facilities availed by MVP Group International Inc., a Promoter Group member. Bank of Baroda, New York invoked it to the extent of USD 77,461,427.07 and initiated insolvency proceedings against him; the Karnataka High Court granted an interim stay on July 12, 2024, and the Bank's vacation application dated August 20, 2024 is pending. Primacy Industries' corporate guarantee was also invoked for USD 22.20 million. He separately guarantees INR 900.00mn of the Company's borrowings.
- **Under-utilisation against a capacity-adding raise:** Utilisation stands at 69.05% for plastic cards, 32.19% for cheque leaves, 36.73% for offset printing and 67.78% for tax stamps, each below the prior year. The Fresh Issue funds INR 2,384.26mn of additional equipment on top of this base.
- **Second-hand equipment and unplaced orders:** Part of the equipment programme is second-hand, with estimated balance life of 2.93 to 14.90 years, and includes equipment currently held on 60-month operating leases from the same vendors. No definitive agreements or firm orders had been placed for all items as at the RHP date, with quotations denominated in EUR and USD and mostly expiring around December 31, 2026. None of the Objects have been independently appraised.

- **Working capital deterioration:** Net working capital days rose from 41.71 to 70.80 over FY24-26. Operating cash flow fell 26.98% to INR 2,076.68mn even as operating profit before working capital changes rose 8.91%. Cash conversion to EBITDA fell from 69.6% to 45.6%.
- **Contingent liabilities and excise classification:** Contingent liabilities of INR 2,761.51mn represent 24.98% of net worth, including INR 1,307.75mn of bank guarantees and INR 1,348.63mn of central excise claims. The core dispute is whether personalisation and fulfilment of banking cards is manufacture attracting excise duty, with orders of INR 517.17mn plus an equal penalty and INR 249.53mn plus a INR 24.96mn penalty under appeal at CESTAT Bangalore against pre-deposits of INR 60.35mn.
- **Customer and supplier concentration:** Top 10 customers were 58.67% of FY26 revenue and top 10 suppliers 56.05% of purchases. Contracts carry no exclusivity clause and no minimum purchase commitment, and certain key customers may terminate with or without cause at relatively short notice. Imports were 49.56% of total purchases.
- **Leasehold dependence:** Nine of the 10 facilities, the Registered and Corporate Office and every warehouse are on leased premises, with the Navi Mumbai personalisation bureau lease expiring December 31, 2026 and the Manipal smart tagging lease on January 31, 2027. Non-renewal would require relocation and re-certification of the affected site.
- **Certification dependence:** Registrations with Mastercard, RuPay and other networks are facility-level, expire periodically and require compliance with PCI SSC card production and provisioning physical and logical security requirements. Revocation would remove the ability to produce cards for every issuer on that network.
- **Structural decline in cheques:** Cheque leaf production fell from 1,186.63mn in FY24 to 925.83mn in FY25 and 860.56mn in FY26 on unchanged installed capacity of 2,673.22mn, leaving utilisation at 32.19%.
- **Regulatory and statutory record:** A FEMA compounding order dated May 23, 2024 required payment of INR 1.59mn for delayed reporting of foreign inward remittances, delayed FC-GPR filings, delayed allotment and delayed refund of excess share application money, with individual delays extending to nine years. The Company is also unable to trace certain historical corporate records, including Form 23 for the October 2008 allotment and letters of offer for allotments made in 2010, 2012 and 2014. There were 48 instances of delayed payment of statutory dues across FY24 to FY27.

- **Governance and management overlap:** Some Directors have no prior listed company directorship experience. Three Directors hold positions at MTL, the counterparty to both business transfer agreements, and MTL's chief executive officer sits on the Company's Board. Two senior management members were paid by MTL rather than by the Company in FY26.
- **Secondary-heavy offer:** At the Cap Price, INR 4,850.0mn of the INR 8,050.0mn Offer, or 60.2%, goes to the Promoter Selling Shareholder whose weighted average cost of acquisition is Rs2.18 per Equity Share.

Financial Summary

Profit & Loss Account

(Rs mn)

Year-end: March	FY24	FY25	FY26
Net sales	**12,475**	**12,561**	**13,268**
Change(yoy,%)		1	6
Operating expenses	(9,124)	(8,683)	(9,008)
EBITDA	**3,556**	**4,088**	**4,558**
Change(yoy,%)		15	12
Margin (%)	28.5	32.5	34.4
Depreciation	(348)	(552)	(563)
EBIT	**3,207**	**3,536**	**3,996**
Interest paid	(204)	(1,091)	(479)
Pre-tax profit	**3,003**	**3,545**	**3,493**
Tax	(512)	(722)	(958)
Effective tax rate (%)	17.0	20.4	27
Minority Interest	-	-	-
Net profit	**2,492**	**2,822**	**2,535**
Exceptional items	-	1,100	(24)
Adjusted net profit	**2,492**	**1,722**	**2,559**
Change(yoy,%)		(31)	49
EPS	11.53	13.65	12.05

IDBI capital

Balance Sheet (Rs mn)

Year-end: March	FY24	FY25	FY26
Shareholders' funds	**896**	**3,042**	**7,919**
Share capital	414	414	445
Reserves & surplus	483	2,629	7,474
Total Debt	**4,495**	**4,729**	**4**
Other liabilities	3,940	696	1,124
Curr Liab & prov	**1,907**	**6,784**	**2,563**
Current liabilities	1,660	6,478	2,272
Provisions	248	307	291
Total liabilities	**10,131**	**11,054**	**3,690**
Total equity & liabilities	**11,027**	**14,097**	**11,609**
Net fixed assets	1,420	2,272	3,640
Investments	203	162	168
Other non-curr assets	327	392	376
Current assets	**9,077**	**11,270**	**7,425**
Inventories	1,121	1,094	1,828
Sundry Debtors	1,192	1,391	1,974
Cash & Liquid	5,437	2,572	2,606
Other Curr Assets	1,327	6,214	1,018
Total assets	**11,027**	**14,097**	**11,609**

Cash Flow Statement (Rs mn)

Year-end: March	FY24	FY25	FY26
Pre-tax profit	3,003	3,545	3,493
Depreciation	(348)	(552)	(563)
Tax paid	(512)	(722)	(958)
Chg in working capital	(1,446)	5,632	(5,507)
Other operating activities	2,388	(5,058)	5,612
Cash flow from operations (a)	**3,086**	**3,192**	**2,629**
Capital expenditure	(1,420)	(853)	(1,367)
Chg in investments	(203)	41	(6)
Other investing activities	864	-5,049	3,804
Cash flow from investing (b)	**(759)**	**(5,861)**	**2,431**
Equity raised/(repaid)	-	-	-
Debt raised/(repaid)	3,669	(134)	(2,496)
Dividend (incl. tax)	(41)	-	-
Chg in minorities	-	-	-
Other financing activities	(957)	(1,594)	(779)
Cash flow from financing (c)	**2,670**	**(1,728)**	**(3,275)**
Net chg in cash (a+b+c)	**4,997**	**(4,397)**	**1,784**

Source: RHP, IDBI Capital Research.

Financial Ratios

Year-end: March	FY24	FY25	FY26
Book Value (Rs)	4	15	36
EPS (Rs)	*12.0*	*13.7*	*11.6*
EPS growth (%)		*13*	*-15*
EBITDA margin (%)	*28.5*	*32.5*	*34.4*
Pre-tax margin (%)	*24.1*	*28.2*	*26.3*
Debt/Equity (x)	*1.1*	*0.8*	*0.0*
ROCE (%)	*52*	*34*	*33*
ROE (%)	*79*	*55*	*29*
DuPont Analysis			
Asset turnover (x)	1	1	1
Leverage factor (x)	12	5	1
Net margin (%)	*20*	*23*	*19*
Working Capital & Liquidity			
Inventory days	32.8	31.8	50.3
Debtor days	34.9	40.4	54.3
Creditor days	26.0	26.7	33.8

Source: RHP, IDBI Capital Research.

Dealing	(91-22) 6836 1111	dealing@idbicapital.com

Key to Ratings Stocks:

BUY: 15%+; **HOLD:** -5% to 15%; **SELL:** -5% and below.

IDBI Capital Markets & Securities Ltd.

Equity Research Desk

6th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai – 400 005. Phones: (91-22) 4069 1700; Fax: (91-22) 2215 1787; Email: info@idbicapital.com

SEBI Registration: BSE & NSE (Cash & FO) – INZ000007237, NSDL – IN-DP-NSDL-12-96, Research – INH000002459, CIN – U65990MH1993GOI075578

Compliance Officer: Pushkar Vartak; Email: compliance@idbicapital.com; Telephone: (91-22) 4069 1907

Disclaimer

Analyst Disclosures

We, Darshan Bhutra and Parth Mandavgane, hereby certify that the views expressed in this report accurately reflect our personal views about the subject companies and / or securities. We also certify that no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report. Principally, we will be responsible for the preparation of this research report and have taken reasonable care to achieve and maintain independence and objectivity in making any recommendations herein.

Other Disclosure

IDBI Capital Markets & Securities Ltd.(herein after referred to as "IDBI Capital") was incorporated in the year 1993 under Companies Act, 1956 and is a wholly owned subsidiary of IDBI Bank Limited. IDBI Capital is one of India's leading securities firm which offers a full suite of products and services to individual, institutional and corporate clients namely Stock broking (Institutional and Retail) , Distribution of financial products, Merchant Banking, Corporate Advisory Services, Debt Arranging & Underwriting, Portfolio Manager Services and providing Depository Services. IDBI Capital is a registered trading and clearing member of BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE). IDBI Capital is also a SEBI registered Merchant Banker, Portfolio Manager and Research Analyst. IDBI Capital is also a SEBI registered depository participant with National Securities Depository Limited (NSDL) and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI).

IDBI Capital and its associates IDBI Bank Ltd. (Holding Company), IDBI Intech Ltd. (Fellow Subsidiary), IDBI Asset Management Ltd. (Fellow Subsidiary) and IDBI Trusteeship Services Ltd. (Fellow Subsidiary).

IDBI Group is a full-serviced banking, integrated investment banking, investment management, brokerage and financing group. Details in respect of which are available on www.idbicapital.com IDBI Capital along with its associates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our associates have investment banking and other business relationships with a significant percentage of the companies covered by our Research Department. Investors should assume that IDBI Capital and/or its associates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material. IDBI Capital generally prohibits its analysts, persons reporting to analysts, and their dependent family members having a financial conflict of interest in the securities or derivatives of any companies that the analysts cover. Additionally, IDBI Capital generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our sales people, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Directors of IDBI Capital or its associates may have interest in the Companies under recommendation in this report either as Director or shareholder. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of IDBI Capital. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. We and our associates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. For the purpose of calculating whether IDBI Capital and its associates holds beneficially owns or controls, including the right to vote for directors, 1% of more of the equity shares of the subject issuer of a research report, the holdings does not include accounts managed by IDBI Asset Management Company/ IDBI Mutual Fund.

IDBI Capital hereby declares that our activities were neither suspended nor we have materially defaulted with any Stock Exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on IDBI Capital for certain operational deviations. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time. IDBI Capital, its directors or employees or associates, may from time to time, have positions in, or options on, and buy and sell securities referred to herein. IDBI Capital or its associates, during the normal course of business, from time to time, may solicit from or perform investment banking or other services for any company mentioned in this document or their connected persons or be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or their affiliate companies or act as advisor or lender / borrower to such company(ies)/associates companies or have other potential conflict of interest. This report may provide hyperlinks to other websites. Except to the extent to which the report refers to the website of IDBI Capital, IDBI Capital states that it has not reviewed the linked site and takes no responsibility for the content contained in such other websites. Accessing such websites shall be at recipient's own risk. IDBI Capital encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. Accordingly, neither IDBI Capital nor Research Analysts have any material conflict of interest at the time of publication of this report. We offer our research services to primarily institutional investors and their employees, directors, fund managers, advisors who are registered with us. The Research Analyst has not served as an officer, director or employee of Subject Company. We or our associates may have received compensation from the subject company in the past 12 months. We or our associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research Analyst or his/her relative's may have financial interest in the subject company. IDBI Capital or its associates may have financial interest in the subject company. Research Analyst or his/her relatives does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. IDBI Capital or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. The Subject Company may have been a client during twelve months preceding the date of distribution of the research report. Price history of the daily closing price of the securities covered in this note is available at www.bseindia.com; www.nseindia.com and www.economictimes.indiatimes.com/markets/stocks/stock-quotes.

Most Important Terms and Conditions

1. These terms and conditions, and consent thereon are for the research services provided by the Research Analyst (RA) and RA cannot execute/carry out any trade (purchase/sell transaction) on behalf of, the client. Thus, the clients are advised not to permit RA to execute any trade on their behalf.
2. The fee charged by RA to the client will be subject to the maximum of amount prescribed by SEBI/ Research Analyst Administration and Supervisory Body (RAASB) from time to time (applicable only for Individual and HUF Clients).

   Note:

   2.1. The current fee limit is Rs 1,51,000/- per annum per family of client for all research services of the RA.

   2.2. The fee limit does not include statutory charges.

   2.3. The fee limits do not apply to a non-individual client / accredited investor.
3. RA may charge fees in advance if agreed by the client. Such advance shall not exceed the period stipulated by SEBI; presently it is one quarter. In case of pre-mature termination of the RA services by either the client or the RA, the client shall be entitled to seek refund of proportionate fees only for unexpired period.
4. Fees to RA may be paid by the client through any of the specified modes like cheque, online bank transfer, UPI, etc. Cash payment is not allowed. Optionally the client can make payments through Centralized Fee Collection Mechanism (CeFCoM) managed by BSE Limited (i.e. currently recognized RAASB).
5. The RA is required to abide by the applicable regulations/ circulars/ directions specified by SEBI and RAASB from time to time in relation to disclosure and mitigation of any actual or potential conflict of interest. The RA will endeavor to promptly inform the client of any conflict of interest that may affect the services being rendered to the client.
6. Any assured/guaranteed/fixed returns schemes or any other schemes of similar nature are prohibited by law. No scheme of this nature shall be offered to the client by the RA.
7. The RA cannot guarantee returns, profits, accuracy, or risk-free investments from the use of the RA's research services. All opinions, projections, estimates of the RA are based on the analysis of available data under certain assumptions as of the date of preparation/publication of research report.
8. Any investment made based on recommendations in research reports are subject to market risks, and recommendations do not provide any assurance of returns. There is no recourse to claim any losses incurred on the investments made based on the recommendations in the research report. Any reliance placed on the research report provided by the RA shall be as per the client's own judgement and assessment of the conclusions contained in the research report.
9. The SEBI registration, Enlistment with RAASB, and NISM certification do not guarantee the performance of the RA or assure any returns to the client.
10. For any grievances,

    Step 1: the client should first contact the RA using the details on its website or following contact details:

    (RA to provide details as per 'Grievance Redressal / Escalation Matrix')

    Step 2: If the resolution is unsatisfactory, the client can also lodge grievances through SEBI's SCORES platform at www.scores.sebi.gov.in

    Step 3: The client may also consider the Online Dispute Resolution (ODR) through the Smart ODR portal at https://smartodr.in
11. Clients are required to keep contact details, including email id and mobile number/s updated with the RA at all times.
12. The RA shall never ask for the client's login credentials and OTPs for the client's Trading Account Demat Account and Bank Account. Never share such information with anyone including RA.