DEVEN CHOKSEY RESEARCH

Rating	Issue Opens on	Issue Closes on	Listing Date	Price Band	Issue Size (INR Mn)
Subscribe for listing gains	September 9, 2026	September 11, 2026	September 17, 2026	322 - 339	8,050

Weight in the wallet, premium in the price..

Manipal Payment and Identity Solutions Ltd, part of the Manipal Group, supplies payment cards, identity credentials, secure printing, and smart tagging and IoT solutions to banks, fintechs, NBFCs and government bodies. It is India's largest banking and smart card manufacturer, with an estimated 36.4% share of credit card issuance and 30.9% of debit card issuance in FY26, operating ten facilities and fourteen personalisation bureaus. The business is best understood as a certified secure-manufacturing platform rather than a payments company: entry requires facility-level registration with the card networks, granted only after audit and revocable on breach, and large issuers typically qualify no more than two or three suppliers. That structure makes market share unusually durable, but it also caps how much of it can be won. Growth must therefore come from what each unit is worth rather than how many are produced, and we identify three points that support it. Against this, the offer is priced at a meaningful premium to sole listed peer Seshaasai Technologies on a business whose underlying growth is single-digit. We therefore recommend SUBSCRIBE FOR LISTING GAINS and prefer to await post-listing evidence before taking a longer-term view.

- **Flat volumes, higher realisation and margins:** MPISL has limited scope to add new customers, as large issuers typically qualify only two or three certified vendors. Growth is therefore driven by higher-value cards within existing accounts. Banking card volumes declined from 92.0mn in FY24 to 86.2mn in FY26, but card revenue remained resilient as metal card revenue grew 5.2x to INR 829.4mn. Metal cards now contribute 10.9% of card revenue on just 0.6% of volumes, supporting mix-led margin expansion. Material costs fell from 43.48% of revenue in FY24 to 31.60% in FY26, while metal capacity has increased six-fold to 0.67mn units at 77.24% utilisation.

- **Exports are driving growth:** Domestic revenue remained broadly flat at INR 12,299mn in FY24 and INR 12,311mn in FY26, while exports grew 5.4x to INR 957.0mn and now account for 7.2% of revenue. With domestic plastic card utilisation at 69.05%, exports provide the key avenue to absorb the INR 2,384.26mn equipment programme, including INR 1,964.88mn for card manufacturing and personalisation.

- **The certified platform extends beyond cards and offers recovery optionality:** The same audited facilities serve excise tax stamps, holograms, RFID and government identity solutions, with these businesses contributing INR 1,801.3mn or 13.58% of FY26 revenue. Tax stamp realisation has fallen about 20% over two years despite higher volumes, with utilisation at 67.78% versus 81.81% in FY24. We view this as weak pricing rather than structural decline. With INR 419.4mn of the equipment programme allocated to smart tagging and IoT, recovery in excise contract pricing or stronger identity volumes provides upside not yet reflected in reported performance.

Outlook: Domestic volumes remain flat, but higher realisation and better mix are supporting margins. Metal cards are the key swing factor, with revenue up 5.2x to INR 829.4mn and capacity utilisation at 77.24%. Exports have grown 5.4x to INR 957.0mn and provide the main growth driver. Key watch points are a ~20% decline in tax stamp realisation, net working capital days rising to 70.80, and RoE normalising to 29.35%.

Valuation: At INR 339, the IPO implies a market cap of INR 78.58bn, 30.1x FY26 diluted EPS and 6.9x book, versus Seshaasai at 25.0x earnings and 4.4x book. The premium is partly supported by better returns but leaves limited valuation cushion given single-digit growth, 60% OFS and a new 1.75% brand royalty.

Offer Details

Particulars	IPO Details
No. of Shares under IPO (Mn)	23.7
Fresh issue # Shares (Mn)	9.43
OFS # Shares (Mn)	14.3
Price Band (INR)	322 - 339
Post Issue M.Cap (INR Mn)	78,581

Issue	%
QIB	Not Less than 75%
NIB	Not More than 15%
Retail	Not More than 10%

Shareholding Pattern	Pre-Issue (%)	Post-Issue (%)
Promoters & Promoter Group	62.1	53.92
Public / Others	37.90	46.80
Total	100	100

Lead Manager(s)	Registrar
Motilal Oswal Investment Advisors Ltd.	MUFG Intime India Pvt. Ltd.
Axis Capital Ltd.	
ICICI Securities Ltd.	
IIFL Capital Securities Ltd.	
Nuvama Wealth Management Ltd.	

Objectives of the offer	INR Mn
Capital Expenditure on Equipment	2,384
General Corporate Purposes	775 – 815*
Total Issue Size	3,200
Offer for Sale	4,850

Indicative Timetable	Date
Offer Closing Date	11th Sept, 2026
Finalization of Basis of Allotment with Stock Exchange	15th Sept, 2026
Initiation of Refunds	16th Sept, 2026
Credit of Equity Shares to Demat accounts	16th Sept, 2026
Commencement of Trading of Eq. shares	17th Sept, 2026

Source: IPO Prospectus, Deven Choksey Research

***Note on SEBI GCP Cap:** Under SEBI ICDR Regulations, General Corporate Purposes (GCP) cannot exceed **25% of the Gross Proceeds** from the Fresh Issue (a maximum of **INR 800.00 million** on a INR 3,200.00 million Fresh Issue). The final GCP allocation and offer expenses will be calibrated at pricing to ensure strict compliance with this statutory limit.

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The Macro backdrop

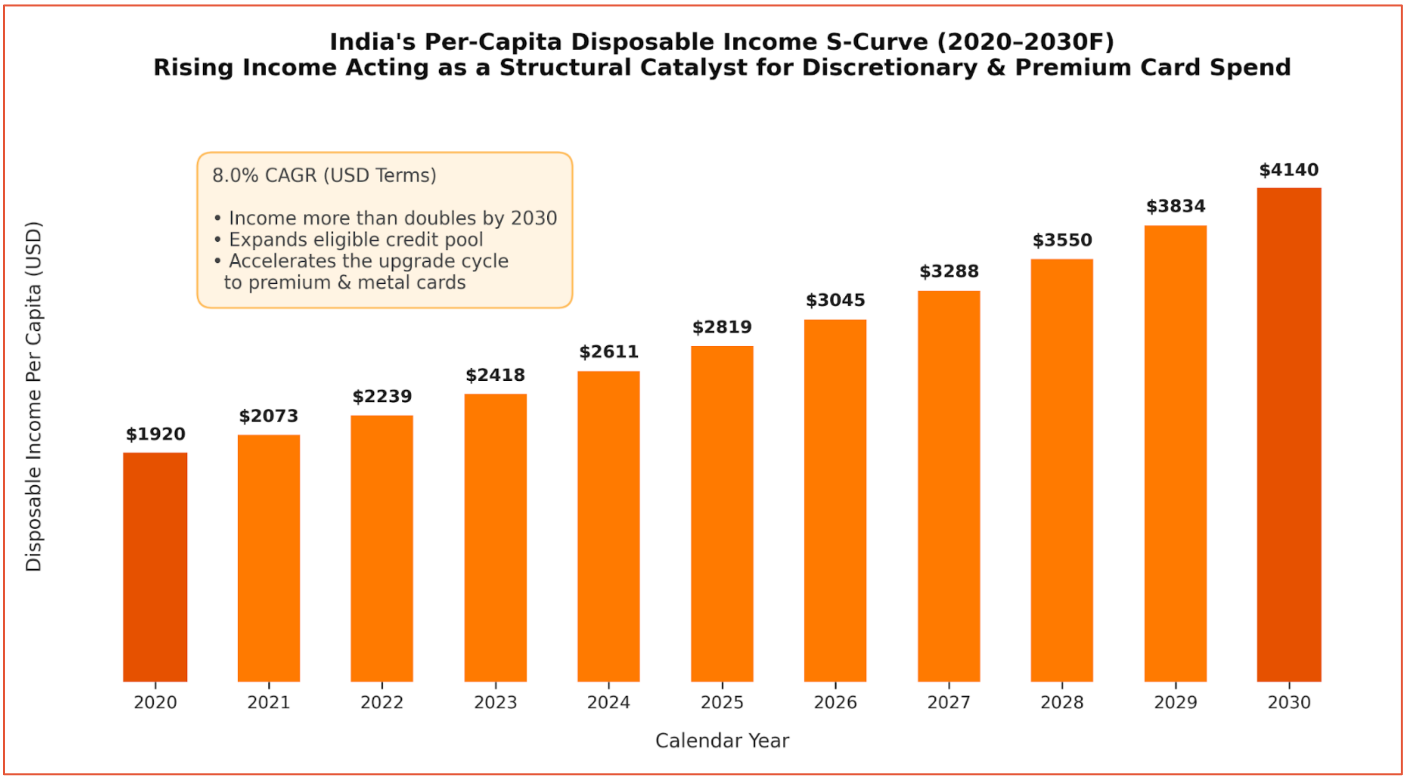
India's macroeconomic backdrop remains supportive of long-term growth in financial services and discretionary consumption. Real GDP growth is projected at approximately 6.5% in FY27, keeping India among the fastest-growing major economies. Continued investment in infrastructure, manufacturing, digital services and formal financial channels should support income growth and expand the addressable market for banks, fintechs and payment networks.

Per-capita disposable income is expected to more than double from USD 1,920 in 2020 to USD 4,140 by 2030, implying an approximately 8% CAGR in US dollar terms. Rising incomes typically increase demand for formal banking products, consumer credit, travel, dining, e-commerce and other discretionary categories where cards remain relevant. The impact is not limited to first-time card issuance. As consumers become more affluent, they are also more likely to hold multiple cards, upgrade to premium products and use cards for higher-value transactions.

India's demographic profile provides an additional structural tailwind. A large and expanding working-age population is entering formal employment, adopting digital payments and building credit histories. This should gradually increase the pool of consumers eligible for credit cards and other fee-bearing financial products. Greater formalisation of wages, tax records and banking relationships also improves issuers' ability to assess creditworthiness and target customers through data-led underwriting.

The opportunity is particularly significant because India's financial consumption remains low relative to its economic potential. A large share of the population has access to bank accounts and digital payment infrastructure, but usage of formal credit and premium financial products remains concentrated in urban and affluent segments. As income levels rise and financial access broadens, the market can grow through both customer additions and higher spend per existing customer.

For card manufacturers, the macro benefit is therefore transmitted through several channels: a larger banked population, higher card issuance, greater replacement demand, increased transaction values and a gradual shift towards premium card formats. However, GDP growth alone does not guarantee equivalent card-volume growth. Issuance remains dependent on bank risk appetite, regulatory capital requirements, customer acquisition economics and the pace at which consumers migrate from debit to credit and premium products. The macro backdrop supports the direction of travel, but the near-term outcome will depend on how effectively issuers convert rising incomes into active and higher-value card relationships.



Source: RHP/ Deven Choksey Research

Industry Analysis

UPI is replacing cash rather than cards

Cash's share of consumer expenditure fell from 80.6% in 2021 to 45.7% in Q1 2025, while UPI accounted for more than 84% of digital payment volumes in FY26. UPI is primarily used for low-value transactions, with P2M ATS at INR 592 in CY25. Cards remain relevant for higher-value spending, with ATS of INR 4,150 for credit cards and INR 3,360 for debit cards, particularly across travel, e-commerce, dining and other discretionary categories.

Low card penetration leaves room for growth

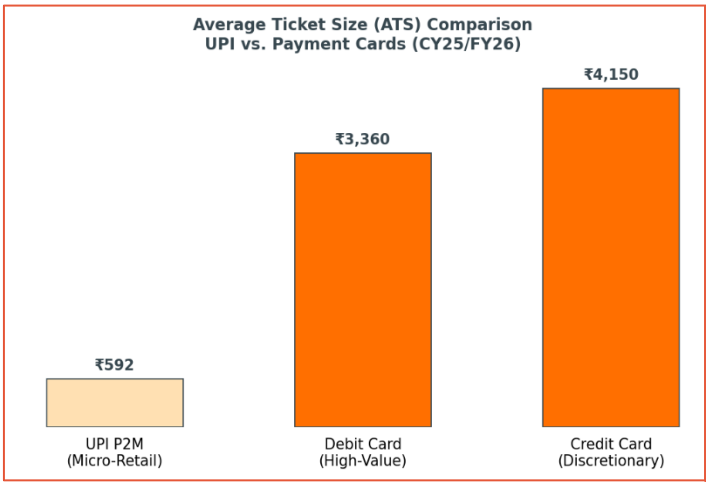
India has only around one card per person aged 15+, compared with 7.2 in the US, 8.0 in China and 2.3 in the Euro Area. Credit cards in circulation are forecast to increase from 58mn in FY20 to 261mn by FY30. Financial inclusion also leaves a large replacement and first-issuance opportunity, with only 69.7% of Jan Dhan accounts carrying RuPay debit cards as of June 2026.

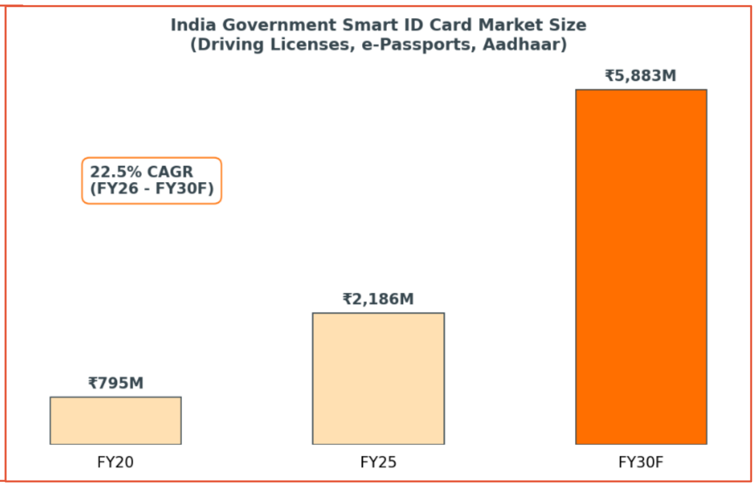
Premiumisation is expanding the addressable market

Card issuers are increasingly using premium materials and designs to differentiate products. Metal cards are expected to grow at 47.6% CAGR from FY20 to FY30, reaching INR 20,983mn by FY30. Sustainability is another structural driver, with Mastercard targeting elimination of first-use PVC from payment cards by 2028, supporting migration towards recycled and bio-based materials.

Government IDs add a separate demand pool

Government digitisation is driving adoption of secure smart cards across driving licences, registration certificates and e-passports. The government ID smart card market is expected to grow 22.5% CAGR to INR 5,883mn by FY30. E-passports are the fastest-growing segment, with the smart passport card market expected to grow 44.0% CAGR to INR 3,625mn. These programmes are largely driven by government mandates rather than consumer credit conditions, providing diversification for card manufacturers.





Source: RHP/ Deven Choksey Research

Competitive structure of the industry

A two-firm private market

India's payment card manufacturing market is effectively a duopoly. MPISL estimates its FY26 share at 36.4% of credit and 30.9% of debit card issuance, while Seshaasai reported 31.9% of combined issuance in FY25. Together, the two account for roughly two thirds of the market. The balance is split between global vendors and smaller domestic players.

Certification creates a high but symmetric entry

Card manufacturers require network registration and facility-level security certifications, supported by periodic audits. Large banks typically qualify only two or three vendors per programme, and requalification can take several quarters. This protects incumbent share but also limits growth within existing accounts. MPISL's growth therefore depends more on higher-value cards than on gaining new slots.

Input concentration limits pricing power

Imported raw materials accounted for 49.56% of MPISL's FY26 purchases, up from 43.70% in FY25. The top 10 suppliers accounted for 56.05% of purchases. Secure element modules and other key inputs are sourced from a concentrated global supplier base, while bank contracts may run for multiple years. This creates a risk that input costs cannot be fully passed through, making margins less structural than they appear.

Seshaasai is strengthening the competitive picture

Seshaasai's Q1FY27 revenue grew 21.1% YoY and PAT 63.8%, while its IoT and RFID segment grew 145% and contributed 18% of revenue. It is also adding metal card capacity through a Bengaluru facility. These are the same adjacencies underpinning MPISL's growth case. With MPISL reporting flat card volumes, Seshaasai's investment in premium cards and smart tagging is an important competitive risk to monitor.

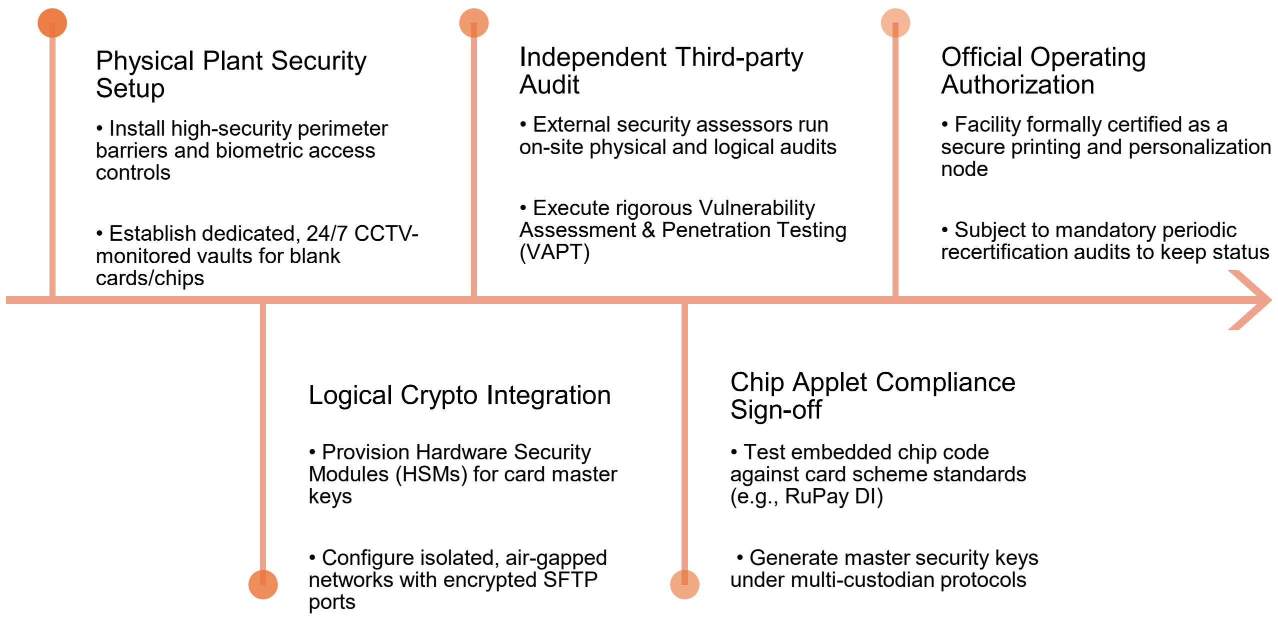


Exhibit A: Banking Card & Personalization Bureau Certification (Audited by Visa, Mastercard, and RuPay to handle sensitive financial data and cryptographic keys.)

Source: RHP, Deven Choksey Research

About the business

Manipal Payment and Identity Solutions Ltd (MPISL), incorporated in 2008 and part of the Manipal Group, is a secure manufacturing and technology solutions provider serving banks, fintechs, NBFCs and government institutions across India and international markets. The company operates under a single reportable segment, **Payment and Identity Solutions**, but its business spans four distinct verticals: **Payments, Identification, Secure Solutions, and Smart Tagging & IoT**.

1. Payment Solutions

Payment cards including chip, dual-interface, metal, rPVC and speciality formats; cheque solutions; NFC and QR; payment-enabled wearables; digital automation

2. Identification Solutions

Driving licences, registration certificates, national identity cards, transit management. Five central card processing centres at Port Blair, Raipur, Mumbai, Nagpur and Aurangabad

3. Secure Solutions

Secure logistics, insurance policy and premium notice personalisation, renewal letters, marketing collateral, tamper-evident envelopes, holograms, coated products

4. Smart Tagging and IoT

Excise labels with holograms and encrypted QR codes, RFID track and trace, anti-counterfeiting

1. Payment Solutions

- Payment Solutions is MPISL's core vertical and includes debit, credit and prepaid cards, cheque solutions, NFC/QR products, payment wearables and branch-automation solutions.
- MPISL billed **86.20mn banking cards in FY26** and ranked 14th globally and highest in India by payment card shipments in 2023. Its capabilities span standard and premium formats, including metal cards, recycled PVC cards and payment-enabled wearables. The company also operates more than **5,000 self-service and assisted kiosks** for instant card issuance, account opening and passbook printing.
- **Moat:** The key barrier is **network certification and security infrastructure**. MPISL's facilities are certified by payment networks and require periodic audits, while customer data and card personalisation require extensive physical and cybersecurity controls. Banks also typically qualify only a limited number of vendors for a card programme, making displacement difficult once a supplier is approved. MPISL is also among the select domestic manufacturers with metal-card capabilities and holds a patent for metal card manufacturing.
- The vertical is supported by certified personalisation and chip-programming platforms, including **MPi PersonaPrint** and **MPi IssuNow**. The cheque business, acquired from promoter MTL's VDP division, adds high-volume personalised cheque and banking document processing.

Source: RHP, Deven Choksey Research

2. Identification Solutions	•	Identification Solutions covers e-passports, driving licences, registration certificates, national identity cards and transit systems. MPISL billed **122.12mn identity documents in FY26**, including 121.56mn documents for government projects.
	•	The company has printed and dispatched more than **1bn Aadhaar cards** and manufactures secure polycarbonate driving licences and registration cards. Its differentiation extends beyond card production, with more than **254 personnel deployed across 88 RTOs** in Maharashtra and Chhattisgarh to manage on-ground issuance operations.
	•	**Moat:** The barrier here is **government eligibility, execution track record and embedded operations**. Government projects require certifications, minimum capacity, financial strength and prior execution credentials. For RTO programmes, MPISL is also embedded in the physical issuance process through on-ground personnel and government-premises operations. This creates switching costs beyond the supply of the physical card itself.
	•	The business is supported by **MPi DriveSuite** for RTO data management and printing and **MPi CommuteCore** for transit management and fare-system integration. Government contracts provide diversification from the banking card cycle, although revenue remains dependent on tenders and renewals.
3. Secure Solutions	•	Secure Solutions covers secure logistics, insurance document personalisation, customer communication management and security printing.
	•	MPISL operates a closed-loop distribution network covering more than **19,000 PIN codes**, allowing secure delivery of banking instruments and other sensitive documents. The company also handles insurance policies, renewal communications and statements, alongside specialised security products such as holograms and coated paper used for VVPAT rolls.
	•	**Moat:** The competitive advantage is the combination of **secure printing, data handling, personalisation and nationwide fulfilment**. Customers are not simply buying printed material but an integrated secure process with tracking and controlled delivery. MPISL's logistics platform covers more than 19,000 PIN codes and integrates multiple logistics partners, making the service harder to replicate than standalone printing.
	•	The vertical is supported by **MPi TracLogix** for secure logistics tracking and **MPi ChannelSync** for physical and digital document distribution. Its value lies in adding more services to the same certified infrastructure.
4. Smart tagging & IoT Solutions	•	Smart Tagging & IoT was consolidated following the Revenue Assurance acquisition in April 2025 and operates across three facilities in Manipal and Bengaluru. The vertical covers excise tax stamps, RFID tagging, brand protection and track-and-trace solutions.
	•	MPISL supplies secure excise labels with holograms and encrypted QR codes to state governments and has developed a QR-based system that allows officials to authenticate labels and track supply-chain movements. The business also manufactures HF/UHF RFID tags for inventory and asset tracking and supplies FASTags for electronic toll collection.
	•	**Moat:** The key advantage is the combination of **secure printing and physical products with proprietary authentication and traceability software**. MPISL does not only print tax stamps; it also provides mobile authentication and tracking tools to government users. This creates an integrated solution and allows the company to cross-sell technology services alongside the physical product.
	•	The vertical is supported by **MPi Valid8r**, a QR verification platform, and **MPi TraceSync**, an enterprise platform integrating RFID, barcode and sensor-based tracking.

Source: RHP, Deven Choksey Research

The Common Moat: Certification, security and embedded operations

- Across the four verticals, MPISL's strongest moat is **not manufacturing capacity alone**. Machines and printing capacity can be replicated; what is harder to replicate is the combination of certified facilities, secure data-handling systems, customer approvals, government eligibility, proprietary software and embedded fulfilment operations.

- In Payments, network certifications and bank-level vendor approvals are prerequisites for handling sensitive card data and personalisation. In Identification, government credentials, execution history and on-ground operating teams matter as much as the physical product. In Secure Solutions, the moat extends into controlled logistics and nationwide delivery, while in Smart Tagging & IoT, the combination of secure labels with authentication and traceability software creates a more integrated offering than standalone printing.

- These capabilities create **qualification and switching costs**. Customers are reluctant to change vendors that already meet security requirements, are integrated into issuance workflows and have demonstrated reliable execution. MPISL's long-standing customer relationships and repeat programmes therefore provide greater visibility than a typical printing business.

- However, the moat is also **symmetric**. Certification protects existing business but does not guarantee new volumes, and the same qualification barriers apply to MPISL when entering new accounts or programmes. Growth must therefore come from winning additional contracts, increasing realisation through premium products and expanding into adjacent applications that use the existing certified infrastructure.

Source: RHP, Deven Choksey Research

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Customers

Concentration is improving, but remains material

- MPISL had **344 customers in FY26**, up from 307 in FY24, with **211 customers, or 61.34% of the base, having been associated with the company for more than five years**. This customer vintage is important in a business where vendor qualification, security approvals and integration create meaningful switching costs.

- The banking franchise is particularly strong, with more than **105 banking card clients in FY26**. MPISL has long-standing relationships with major public sector banks, including **State Bank of India, Bank of India and Indian Bank for over 15 years**, and **Canara Bank and Central Bank of India for over 14 years**. It also serves leading private banks including **HDFC Bank, ICICI Bank, Axis Bank and Kotak Mahindra Bank**, alongside more than 60 fintechs and payment banks.

- The company also has exposure to government programmes through **five government entities**, covering e-passports, driving licences and Aadhaar-related projects. These relationships complement the banking franchise and diversify the customer base across private, public and government markets.

Concentration is improving, but remains material

- Customer concentration has reduced over time, with the top 10 customers accounting for **58.67% of operating revenue in FY26**, versus 62.51% in FY24. However, the level remains significant and means the loss or repricing of a large account could have a material impact on revenue and margins.

- **Manipal Technologies Ltd (MTL)** accounted for **8.34% of operating revenue in FY26**. This includes transactions with underlying customers that were temporarily invoiced through MTL pending final novation of acquired contracts. The reported concentration should therefore be read in the context of the promoter-related business structure.

Customer embeddedness as a moat

- MPISL's customer relationships are supported by more than product quality. Banks and government customers integrate approved vendors into secure issuance, personalisation and fulfilment processes, making a change in supplier operationally complex. Long customer tenures therefore provide evidence that the company's certification, security infrastructure and execution capabilities translate into repeat business.

- However, the same qualification barriers that protect incumbency also limit new customer wins. Large issuers typically qualify only two or three vendors, so the growth opportunity is less about taking share from competitors and more about **increasing value per approved account through premium cards, new products and adjacent services**.

Pan-India & International Footprint

Domestic Infrastructure

- MPISL operates **10 facilities across 11 cities, with 19 production units**. Manipal, Karnataka is the main manufacturing hub, housing two base card manufacturing facilities and a dedicated Smart Tagging & IoT facility. Personalisation bureaus and cheque-processing units are located across **Navi Mumbai, Noida, Chennai and Howrah**.

- The company also operates **Centralised Card Personalisation Centres (CCPCs)** at RTO premises across five locations: **Port Blair, Raipur, Mumbai, Nagpur and Aurangabad**. These centres support direct laser engraving of government identity documents.

International Footprint

- MPISL has exported payment, metal and secure identity cards to **more than 15 countries**, including the UK, Singapore, UAE, Bahrain, Hong Kong, Brazil, Mauritius, Nigeria, Nepal and Sri Lanka.

- Export revenue increased **5.4x in two years**, from **INR 176.2mn in FY24 to INR 957.0mn in FY26**, raising its contribution from **1.41% to 7.21% of revenue**.

- The company has on-ground sales consultants across the **UK, US, UAE, Sri Lanka, Nepal, Indonesia, Kazakhstan, Kyrgyzstan, Tanzania and Bolivia**. It also operates international subsidiaries in the **US, UK, Nigeria and UAE**, supporting local personalisation and base-card distribution.

Source: RHP, Deven Choksey Research

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Strategic Sourcing & Suppliers

MPISL relies on a global supply chain for key inputs, with sourcing spread across Asia and Europe. Banking chips are sourced from China, Singapore and Europe, PVC from China, Thailand and Europe, magstripes from Germany, and specialised hologram inputs from Europe and the UK. MICR paper for cheque printing is sourced domestically from IBA-approved paper mills.

Imports remain a significant cost exposure

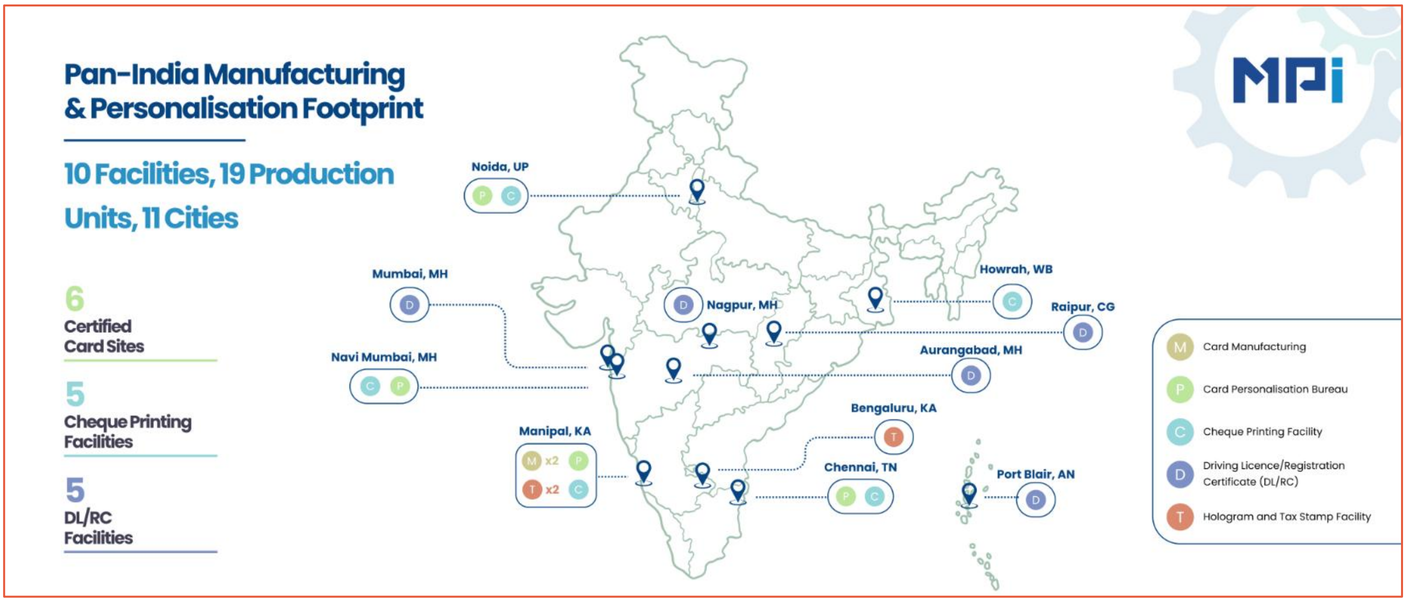
- Imported raw materials accounted for **INR 2,774.35mn, or 49.56% of total material purchases, in FY26**. This makes the business exposed to global input prices, foreign exchange movements and supply-chain disruptions, particularly for secure element modules and other specialised inputs that are not readily available from domestic suppliers.

Supplier concentration remains meaningful

- The top 10 suppliers accounted for **56.05% of total purchases in FY26**, compared with 59.69% in FY24. The largest supplier was related-party entity **Techshresta Solutions Private Limited**, which accounted for **9.67% of purchases, or INR 541.60mn**, while promoter entity **Manipal Technologies Limited accounted for 3.38%**.

Vendor qualification is tightly controlled

- MPISL follows a four-stage vendor approval process covering initial registration, technical and sample evaluation, pilot production and financial assessment, followed by physical or virtual audits. The process covers product quality, financial stability, safety, labour practices and information security.
- This helps maintain supply quality and compliance with payment network standards, but it also means replacing a critical supplier may require a lengthy qualification process. The supply chain is therefore diversified by geography, but not entirely flexible in the short term.



Source: RHP, MPi Website, Deven Choksey Research

SCOT Analysis

Strengths	Challenges
• Scaled market position: Ranked 14th globally and highest in India in card shipments, with 86.20mn banking cards and 122.12mn identity documents billed in FY26. • Deep customer relationships: 61.34% of 344 customers have been with MPISL for over five years, including long-standing relationships with leading public and private banks. • Certification and IP moat: Network certifications, customer approvals, proprietary software and a patent for dual-interface metal cards create meaningful entry and switching barriers. • Strong financial profile: EBITDA margin improved from 28.04% in FY24 to 33.60% in FY26, with Net Debt/EBITDA at 0.00x. • Embedded execution: On-ground RTO operations across 88 locations strengthen its position in government identity programmes.	• Supplier concentration: Top 10 suppliers account for 56.05% of purchases, while 49.56% of purchases are imported, creating input-cost and FX exposure. • Customer concentration: Top 10 customers contribute 58.67% of revenue, while MTL accounts for 8.34%. • Underutilised capacity: Cheque printing utilisation is only 32%-34%, while offset printing is at 36.73%. • Royalty burden: MTL receives 1.75% of net turnover, amounting to INR 233.53mn in FY26.
Opportunities	**Threats**
• Metal cards: Indian metal card market projected to grow at 47.6% CAGR to INR 20,983mn by FY30F. • Sustainable cards: Migration towards rPVC and alternative materials supports MPISL's recyclable card offering. • Government digitisation: Smart ID card market projected to grow 22.5% CAGR to INR 5,883mn by FY30F. • Digital excise: Valid8r and TraceSync provide exposure to QR-based authentication and track-and-trace programmes.	• UPI substitution: Continued shift from debit cards to UPI could reduce physical card reissuance over time. • Competition: Seshaasai and global players such as IDEMIA and Giesecke+Devrient could pressure pricing. • Promoter complexity: Related-party transactions, transferred businesses and the MTL royalty add governance risk. • Digital substitution: Digital identity and wallets could reduce demand for some physical credentials and security products.

Three Insights we gained from this analysis:

1. **Fewer cards, richer cards:** MPISL is shifting from volume-led growth to higher realisation per card. Flat/slightly lower volumes are being offset by premium metal cards, secure chips and smart IDs, supporting revenue growth and margin expansion.
2. **Government solutions deepen the moat:** Excise stamps and e-governance are evolving beyond printing into integrated authentication and tracking solutions through Valid8r and TraceSync. This increases customer stickiness and switching costs versus pure-play manufacturers.
3. **Cleaner balance sheet, but promoter costs remain**: FY25's exceptional transaction helped simplify the balance sheet, with MPISL entering FY26 virtually net debt-free. The key governance watch point is the 1.75% promoter royalty, which remains a drag on operating economics.

Source: RHP, Deven Choksey Research

Valuation

Peer Comparison

There is **one listed comparable in India**. Seshaasai Technologies listed on **30 September 2025 at INR 423** and traded at **INR 384 on 4 September 2026**, implying a market capitalisation of **INR 62,050mn**. It is larger on revenue but lower on margins and returns than MPISL, making it the **only listed market reference for the category**.

Metric	MPISL at INR 339	Seshaasai at INR 384
FY26 revenue (INR mn)	13,267	14,411
FY26 revenue growth	+5.6% reported	-1.5%
FY26 EBITDA (INR mn)	4,558	3,830
FY26 EBITDA margin	34.4%	26.6%
FY26 PAT (INR mn)	2,535	2,440
FY26 PAT margin	19.1%	16.9%
Market capitalisation (INR mn)	78,582	62,050
FY26 P/E	**31.0x**	**25.4x**
FY26 EV/EBITDA	**16.6x**	**16.4x**
FY26 EV/sales	5.7x	4.4x
Price to book	6.9x	4.3x
RoCE, FY26	32.7%	28.0%
RoE, FY26	29.4%	23.6%
Net debt to equity	nil at 31 Mar 2026	0.06x
Working capital days	not disclosed	108
Cash conversion cycle	not disclosed	126 days
Q1FY27 revenue / PAT growth	not yet reported	+21.1% / +63.8%

Reading the two multiples

The valuation tells two different stories. **EV/EBITDA is broadly at parity**, at 16.6x versus 16.4x for Seshaasai, supported by MPISL's **780bps higher EBITDA margin, 470bps higher RoCE and net cash position**. However, P/E is at a **22% premium**, widening to **60% on price to book**. While the margin and return premium is defensible, the growth premium is harder to justify. MPISL's card volumes declined and organic revenue growth is limited, while Seshaasai recently reported **21.1% revenue growth and 63.8% PAT growth** and is adding capacity in premium segments.

What the multiple requires

At INR 339, MPISL trades at **31.0x FY26 clean earnings**. To deliver a 15% annual return over three years and exit at Seshaasai's current 25x multiple, FY29 EPS would need to reach **INR 20.62 versus INR 10.93 in FY26**, implying a **23.6% EPS CAGR**. Organic revenue growth of 2%-4% is insufficient, while EBITDA margin is already at 34.4%. The valuation therefore requires a meaningful acceleration in identity and secure printing or faster ASP growth, neither of which is quantified in the RHP.

Source: RHP, Deven Choksey Research

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Fair value

We would value MPISL at **26x-29x FY26 clean earnings**, implying **INR 285-315 per share**. This represents a premium to the comparable for stronger margins, returns and the year-end net cash position, but discounts for slower organic growth, an unseasoned related-party structure and the disclosure gaps highlighted above. At **INR 339**, the stock is **7.6% above** the top end of our fair value range, while the **INR 322 floor is 2.2% above** it.

Risk monitorables

A first standalone quarter showing card volumes down again with realisation flat. Brand fee or related party charges rising as a share of PAT. Imported input intensity rising above 52% of purchases with margin compressing. Any network registration action. Or a working capital disclosure showing a cash conversion cycle materially worse than the comparable

View

SUBSCRIBE FOR LISTING GAINS. The listing case rests on **category leadership, scarcity value, sector-leading margins and the limited 10% retail allocation** under the Regulation 6(2) route. The longer-term case needs further evidence, particularly on **metal volume growth, export momentum, tax stamp realisation, asset turns and earnings without related-party exceptional items**.

Source: RHP, Deven Choksey Research

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Key Risks

Card volume stagnation	Credit card volumes fell **4.2%** and debit grew **0.9%** in FY26, leaving total volumes flat. With cards contributing **57.25% of revenue**, slower mix-led realisation could take group revenue growth below 2% and reverse much of the FY26 margin improvement as depreciation rises.
Customer concentration	Top 10 customers contributed **58.67% of FY26 revenue**. Given large banks typically qualify only two or three vendors, losing a programme can be difficult to replace quickly. On an even split, one top-10 customer represents ~**5.9% of revenue or INR 782mn**, equivalent to ~INR 269mn EBITDA at FY26 margins.
Supplier and import exposure	Imported inputs were **49.56% of FY26 purchases**, with the top 10 suppliers accounting for **56.05%**. A 10% increase in module costs or INR depreciation on the imported base would impact gross margin by ~**INR 277mn**, equivalent to 6.1% of FY26 EBITDA, if not passed through.
Network registration risk	Mastercard and RuPay registrations are subject to security compliance and potential revocation. Given debit cards accounted for **72.66mn of 86.2mn cards billed**, suspension could put a material portion of card revenue at risk.
Second-hand equipment	**INR 2,384.3mn**, or 74.5% of the fresh issue, funds equipment including second-hand assets. At 10%-12% depreciation, this implies **INR 238-286mn annual depreciation**, regardless of utilisation.
Related-party and promoter risk	MTL is promoter, selling shareholder and counterparty to key business transfers and the brand agreement. The **1.75% brand fee** represents **INR 233.5mn in FY26**, while promoter guarantees and related-party arrangements add governance complexity.
Contingent liabilities and compliance	Contingent liabilities stood at **INR 2,761.5mn**, or 108.9% of FY26 PAT. The RHP also discloses past RBI and FEMA compliance issues, highlighting the need for stronger listed-company compliance processes.
Debit reissuance risk	Debit transactions have fallen sharply as UPI gains share. Since card demand is increasingly replacement-led, longer validity periods, lower reissuance or on-demand issuance could reduce MPISL's **84% debit-heavy billed volume**.
Issue structure and information asymmetry	The IPO is under **Regulation 6(2)**, as MPISL did not meet the Regulation 6(1)(a) eligibility route. Nuvama is both a pre-IPO shareholder and lead manager, while the industry report was company-commissioned. These are not improper, but they warrant greater scrutiny of the information set used for valuation.

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About Management

Kukkundoor Girish Kini
(Executive Director & CEO)

- **Background & Experience:** Mechanical engineering graduate from Manipal Institute of Technology. Associated with the Manipal Group since 1997, with over **28 years of experience in the payment cards industry**. He is responsible for executing the company's core business strategies.
- **Compensation (FY26):** Received **INR 15.82mn** in remuneration.
- **Ownership:** Holds **750,005 equity shares**, representing **0.33% of pre-Offer paid-up capital**.

Ramanath Pai
(Chief Financial Officer)

- **Background & Experience:** Chartered Accountant and member of ICAI, with a B.Com from Mangalore University and an MBA from Sikkim Manipal University. He has over **13 years of experience in finance and accounts** and has been with the company since 2015. He previously worked at Manipal Business Solutions Private Limited.
- **Compensation (FY26):** Received **INR 6.84mn**.
- **Ownership:** Holds **300,000 equity shares**, representing **0.13% of pre-Offer capital**.

Tonse Gautham Pai
(Non-Executive Director & Promoter)

- Holds a Bachelor's degree in Printing Technology and has over **18 years of experience across payment cards, printing and packaging**. He currently serves as **Executive Chairman of MTL** and is also an **individual promoter of MPISL**.

Source: RHP, Deven Choksey Research

Profit & Loss Statement (Mn)

Particulars	FY26 (consolidated)	FY25 (consolidated)	FY24 (standalone)
Income			
Revenue from operations	13,267.53	12,560.71	12,475.22
Other income	298.39	210.35	204.50
Total Income	**13,565.92**	**12,771.06**	**12,679.72**
Expenses			
Cost of materials consumed	4,192.02	4,277.33	5,424.71
Purchase of stock-in-trade	526.33	299.47	369.77
Changes in inventories of stock-in-trade & WIP	(142.27)	26.09	155.95
Employee benefits expense	1,138.62	1,041.72	903.50
Finance costs	479.09	1,091.17	204.02
Depreciation and amortisation expense	562.56	551.93	348.23
Other expenses	3,292.90	3,038.79	2,270.07
Total Expenses	**10,049.25**	**10,326.50**	**9,676.25**
Profit before exceptional items and tax	**3,516.67**	**2,444.56**	**3,003.47**
Exceptional items (Expense / -Income)	(24.08)	1,100.00	-
Profit before tax	**3,492.59**	**3,544.56**	**3,003.47**
Tax expense:			
Current tax	919.16	812.60	587.65
Deferred tax	38.81	(90.18)	(75.83)
Total tax expenses	**957.97**	**722.42**	**511.82**
Profit for the year (PAT) (A)	**2,534.62**	**2,822.14**	**2,491.65**
Other Comprehensive Income / (Loss) (B)			
OCI items not to be reclassified to P&L	21.85	9.54	(11.46)
OCI items to be reclassified to P&L (Exchange Diff)	19.74	(0.13)	-
Total other comprehensive income/ (loss) (B)	**41.59**	**9.41**	**(11.46)**
Total comprehensive income for the year (A+B)	**2,576.21**	**2,831.55**	**2,480.19**
Earnings per share (Face Value ₹2 each):			
Basic (INR)	11.53	13.65	12.05
Diluted (INR)	11.26	13.41	12.03

Source: RHP, Deven Choksey Research

Balance sheet

Particulars	2026	2025	2024
ASSETS			
Non-current assets			
Property, plant and equipment	1,789.87	1,133.62	893.43
Right-of-use assets	1,699.01	992.06	437.70
Capital work-in-progress	124.83	120.89	38.27
Other intangible assets	26.15	25.80	50.27
Financial assets:			
(i) Investments	2.33	0.40	0.40
(ii) Other financial assets	166.09	161.77	202.56
Non-current tax assets (net)	3.15	22.00	32.75
Deferred tax assets (net)	208.96	228.76	113.89
Other non-current assets	163.64	141.15	180.52
Total non-current assets	**4,184.03**	**2,826.45**	**1,949.79**
Current assets			
Inventories	1,827.61	1,094.42	1,121.34
Financial assets:			
(i) Investments	610.88	1,718.74	-
(ii) Trade receivables	1,973.84	1,390.66	1,192.40
(iii) Cash and cash equivalents	1,551.36	300.84	5,046.32
(iv) Bank balances other than (iii) above	443.74	551.98	390.31
(v) Loans	-	-	1,001.14
(vi) Other financial assets	288.31	5,805.22	96.87
Other current assets	729.21	408.38	228.92
Total current assets	**7,424.95**	**11,270.24**	**9,077.30**
Total Assets	**11,608.98**	**14,096.69**	**11,027.09**

Particulars	2026	2025	2024
EQUITY AND LIABILITIES			
Equity			
Equity share capital	444.73	413.61	413.61
Other equity	7,474.27	2,628.86	482.51
Total Equity	**7,919.00**	**3,042.47**	**896.12**
Non-current liabilities			
Financial liabilities:			
(i) Borrowings	2.90	3,574.13	4,283.79
(ii) Lease Liabilities	1,099.21	678.14	313.34
(iii) Other financial liabilities	-	-	3,618.45
Provisions	25.06	17.92	7.93
Total non-current liabilities	**1,127.17**	**4,270.19**	**8,223.51**
Current liabilities			
Financial liabilities:			
(i) Borrowings	1.26	1,154.53	210.95
(ii) Lease liabilities	425.14	238.49	116.03
(iii) Trade payables:			
- micro and small enterprises	45.78	19.28	20.23
- other creditors	1,182.19	898.32	867.94
(iv) Other financial liabilities	187.77	3,879.14	271.10
Other current liabilities	347.10	174.71	134.84
Provisions	291.03	306.51	247.70
Current tax liabilities (net)	82.54	113.05	38.67
Total current liabilities	**2,562.81**	**6,784.03**	**1,907.46**
Total liabilities	**3,689.98**	**11,054.22**	**10,130.97**
Total Equity and Liabilities	**11,608.98**	**14,096.69**	**11,027.09**

Source: RHP, Deven Choksey Research

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Cash flow statement

Particulars	FY26	FY25	FY24
Cash flows from operating activities			
Profit before tax	3,492.59	3,544.56	3,003.47
Adjustments for:			
Depreciation and amortisation expenses	562.57	551.92	348.23
Interest expense carried at amortised cost	314.88	1,007.82	152.80
Interest expense on lease liabilities	112.57	76.25	33.94
Interest income	(42.48)	(95.37)	(155.05)
Impact of financial guarantee liability	(121.29)	(0.17)	(0.17)
Provision for warranty	51.35	1.02	(18.99)
Fair value gain on investment	(4.19)	(13.74)	-
Profit on disposal of investment	(71.53)	(1,104.39)	-
Provision for doubtful debts and advances	(7.16)	(54.22)	24.86
Provision for disputed matters	2.26	30.00	30.00
Bad debts written off	-	8.27	45.77
Employee share based payment expenses	42.40	54.65	4.08
Unrealised exchange (gain) / loss	(4.28)	(7.00)	(2.14)
Loss on sale of property, plant and equipment	-	35.65	-
Operating profit before working capital changes	**4,327.69**	**3,973.67**	**3,466.80**
Adjustments for working capital changes:			
(Increase) / Decrease in trade receivables	(564.30)	(151.96)	291.40
(Increase) / Decrease in inventories	(733.19)	26.92	301.72
(Increase) / Decrease in loans & advances	(408.99)	(304.73)	(738.40)
Increase / (Decrease) in trade payables	297.78	8.40	(423.88)
Increase / (Decrease) in other liabilities	88.51	18.97	720.05
Cash generated from operations	3,007.50	3,571.27	3,617.69
Direct Taxes refund / (paid) [net]	(930.82)	(727.47)	(532.02)
Net cash from operating activities (A)	**2,076.68**	**2,843.80**	**3,085.67**
Cash flows from investing activities			
Acquisition of PPE & intangible assets	(813.70)	(659.96)	(118.09)
Proceeds from sale of PPE & intangible assets	-	2.71	-
Deposits with banks	30.36	(88.02)	(273.17)
Repayment of inter-corporate loan given	-	1,001.14	39.41
Acquisition on account of business combination	(3,600.00)	-	(550.00)
Proceeds from sale of investment	5,594.40	-	-
(Investment in) / Proceeds from shares/debentures	(1.93)	(4,500.00)	-
(Investment in) / Proceeds from mutual funds	1,112.05	(1,705.00)	-
Income on investment	71.53	4.39	-
Interest received	37.97	83.48	143.05
Net cash from investing activities (B)	**2,430.68**	**(5,861.26)**	**(758.80)**

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Cash flow statement

Cash flows from financing activities			
Net proceeds from borrowings from banks	4.16	-	(636.14)
Proceeds from debentures issued	-	-	4,500.00
Repayment of debentures	(2,500.00)	(133.64)	(195.15)
Dividend paid	-	-	(41.36)
Principal element of lease payments	(323.16)	(197.29)	(92.03)
Interest element of lease payments	(109.51)	(76.25)	(33.94)
Interest expense	(346.55)	(627.09)	(150.93)
Impact of common control business combination	-	(693.62)	(680.26)
Net cash from financing activities (C)	**(3,275.06)**	**(1,727.89)**	**2,670.19**
Net increase / (decrease) in cash & equivalents	**1,232.30**	**(4,745.35)**	**4,997.06**
Cash and equivalents at beginning of year	300.84	5,046.32	49.26
Effect of forex on cash & equivalents	18.22	(0.13)	-
Cash and equivalents at end of year	1,551.36	300.84	5,046.32

Source: RHP, Deven Choksey Research

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