



I P O R E S E A R C H D E S K

RESEARCH REPORT DATED 26 JULY 2026

Xtranet Technologies Limited

Mainboard IPO — Research Note

Issue Dates	23 – 27 July 2026	Price Band	₹120 – ₹127
Lot Size	110 Shares	Issue Size	₹166.80 Cr

S E C T O R IT Solutions & Services (Govt/PSU-led)	F I N A N C I A L S Rev ₹366 Cr (FY26) • PAT ₹40.7 Cr • 3Y Rev CAGR ~25%
V A L U A T I O N S P/E 16.3x post-issue • below small-IT peer band	D E M A N D Anchor ₹50 Cr • Day-2 overall 1.39x • QIB ex-anchor <1x
G M P +~5.5% / ₹7 over upper band • indicative, slipping	R E C O M M E N D A T I O N WAIT & WATCH

I P O R E S E A R C H D E S K

2. Executive Summary

Xtranet Technologies is a mid-sized IT solutions house that lives largely off government and PSU spending — enterprise application rollouts, system integration, managed infrastructure, and a thin layer of proprietary platforms (a low-code tool it calls Synergy, and a trust/identity platform, XtraTrust). It is coming to the mainboard with a ₹166.80 Cr book, priced at ₹120–127, closing Monday 27 July.

The financials do the talking. Revenue moved from ₹233 Cr in FY24 to ₹366 Cr in FY26, a shade under 25% CAGR, and PAT nearly quadrupled from ₹10.9 Cr to ₹40.7 Cr as margins normalised into double digits. The issue is 100% fresh — no OFS — so every rupee reaches the company, which is a cleaner structure than most of what has crossed the tape this season. At ₹127 the post-issue P/E is 16.3x FY26, which sits below the small-IT listing cohort. On paper, none of that is expensive.

The problem is not the company — it is the setup. This is a small issue in a week where three mainboard names are open at once, run by an SME-IPO merchant banker making its first mainboard appearance, with an anchor book that looks like an SME allocation (₹50 Cr, Taurus the only domestic MF). The QIB ex-anchor bucket was still under 1x through Day 2, and the grey market has cooled from ₹11 to about ₹7. For a bHNI desk the binding constraint is allotment: the bHNI bucket is tiny, so the funded cost of chasing shares eats into a listing premium that is already thin. Our call is WAIT & WATCH — the reward on the listing print does not, on current data, justify parking the ₹10 lakh block here when a larger, better-subscribed issue is open in the same window. We will publish the final SHNI-oriented view to the community Monday, 1:30 PM.

Recommendation	Listing-Day View	Momentum View (T+2-T+5)
WAIT & WATCH	Flat to modestly positive; thin, GMP-led	To be updated post-listing, only if applied

3. Company Overview & Business Model

Strip away the brochure language and Xtranet is a systems integrator and managed-services provider that sells to the government. The work is the familiar IT-services mix: implementing and integrating enterprise applications, standing up and running data-centre and network infrastructure, and delivering cloud (IaaS/PaaS/SaaS) and digital-transformation projects. On top of that sits a small products layer — Synergy, a low-code application platform, and XtraTrust, an identity/trust-services platform — which the company would like the market to value as IP, but which is not yet the bulk of revenue.

The money comes in three shapes: fixed-price project contracts, time-and-materials engagements, and recurring managed-services agreements. The recurring book is what gives the model some annuity quality; the project book is lumpier and tender-driven. Because the customer base skews heavily to central and state government and PSUs, revenue recognition and collections move to the rhythm of public procurement — long tender cycles, milestone-linked billing, and receivables that stretch. That is the single most important thing to understand about this business: it is a government IT vendor, and it inherits both the demand visibility and the working-capital drag that come with that.

The company runs on roughly 504 permanent employees across multiple locations. Promoters are Sukhbir Singh Kukreja, Jogendrapal Singh Alagh and Shiney Sukhbir. What could break the model is not exotic: a slowdown in government IT budgets, a couple of large tenders lost or delayed, or the working-capital cycle lengthening faster than the P&L grows. For a company scaling revenue at 25%, cash conversion is the line we would watch before the margin line.

4. Market Position & Client Base

Xtranet is a small player in a large, fragmented market. Government and PSU IT services in India is a field crowded with everyone from the large-cap integrators down to hundreds of regional vendors, and Xtranet sits in the mid-tier — big enough to bid for meaningful projects, not big enough to set terms. Its edge, such as it is, comes from relationships: a track record of delivery with public-sector clients and long-standing accounts that get renewed. That is a real but shallow moat. Government relationships are sticky until a tender re-opens the field, at which point price competition resets everything.

The company does not disclose named marquee clients or a clean top-10 concentration figure in the material we have, which is itself worth noting — a government-heavy vendor with undisclosed concentration should be assumed concentrated until proven otherwise. The honest read is that a handful of large government contracts likely drive a disproportionate share of revenue, and the renewal or expansion of those contracts matters more to the FY27 print than any new logo the company might win.

The moat we would actually underwrite is domain familiarity and empanelment — being on the approved-vendor lists that let you bid at all. That keeps competitors out at the gate but does nothing once you are all inside bidding on price. This is a distribution-and-relationships business, not an IP business, whatever the platform layer suggests.

5. Geographic Distribution & Revenue Model

This is a domestic story. Revenue is overwhelmingly India-facing and rupee-denominated, sold to central/state government departments and PSUs, so there is effectively no currency exposure and no export cushion — a different risk profile from the export-led IT services names the market instinctively compares it to. That cuts both ways: no forex volatility, but also no dollar-revenue tailwind and no diversification away from a single sovereign customer base.

On the revenue model, the mix of fixed-price, T&M and managed-services contracts determines both the margin and the cash profile. Fixed-price project work carries execution risk (cost overruns land on the vendor); managed services is steadier and higher-quality revenue. The direction that matters for the multiple is whether the recurring managed-services and platform share is rising as a proportion of the total. If it is, the business deserves to re-rate over time; if project work stays dominant, this stays a tender-cycle earner and the market will value it as one.

6. Products & Platform Layer

Xtranet positions its Synergy low-code platform and XtraTrust identity/trust platform as proprietary IP that differentiates it from a pure services shop. We would treat that positioning with measured caution. Low-code platforms and trust/identity tooling are genuinely useful and can lift margins where they are embedded into delivery, but they are also crowded categories with well-funded competitors, and the disclosed financials do not yet break out platform revenue as a distinct, growing line. Until the company shows platform revenue scaling as a share of the total with its own margin, the right way to value Xtranet is as an IT-services vendor that happens to own some tools — not as a products company. The platform layer is optionality, not the base case.

7. IPO Structure & Use of Proceeds

Issue Structure

Particulars	Amount (₹ Cr)	% of Total
Fresh Issue	166.80	100%
Offer for Sale (OFS)	Nil	0%
Total Issue Size	166.80	100%

Use of Proceeds (Fresh Issue)

Objective	Amount (₹ Cr)	% of Fresh
Working capital requirements	102.00	~61%
Repayment / prepayment of debt	21.99	~13%
Capital expenditure (systems / hardware)	7.30	~4%
General corporate purposes	~35.51	~21%

The structure is the best thing about this issue. It is 100% fresh — no promoter or investor is selling a single share into it, which removes the exit-signal read that hangs over most OFS-heavy books. The flip side is dilution and the question of where the money goes, and the answer here is telling: roughly 61% of the fresh proceeds fund working capital. That is not a growth-capex story; it is a business feeding its receivables. For a government IT vendor that is expected — but it confirms that the working-capital cycle, not the order book, is the constraint the company is raising money to relieve.

The debt repayment of ₹22 Cr is small in absolute terms, which tells you leverage was never the problem. Anchor allocation came to ₹50.04 Cr across 10 investors. On the public book, the allocation follows the profitability route: QIB not more than 50%, retail not less than 35%, and NII not less than 15%. Lead manager to the issue is Share India Capital Services — we come back to that track record in Section 10.

8. Financial Performance Analysis

Profit & Loss

Particulars (₹ Cr)	FY24	FY25	FY26
Revenue from Operations	233.26	276.53	366.01
PAT	10.94	30.03	40.73
PAT Margin (%)	4.7%	10.9%	11.1%
Revenue Growth (%)	—	18.5%	32.4%

The trajectory is genuinely good, and it is the reason to look at this at all. Revenue compounded at roughly 25% over two years, but the real move is below the top line: PAT went from ₹10.9 Cr to ₹40.7 Cr, and PAT margin expanded from 4.7% to 11.1%. When profit grows almost 4x on revenue that grows 1.6x, the story is operating leverage and mix — a low-margin FY24 base being scaled over a broadly fixed cost structure, with a likely shift toward higher-value work. On a normalised basis the FY26 margin looks like the company's real earning power; the FY24 print flatters the growth optics by being a weak base.

What we can verify cleanly is the P&L. What matters just as much for this kind of business — and is not visible in the summary data we have — is cash conversion. A government IT vendor raising 61% of its IPO for working capital is, by its own admission, tying up cash in receivables and unbilled revenue. Accounting profit of ₹40.7 Cr is only as good as the cash behind it, and until the RHP's cash-flow statement confirms that CFO tracks PAT, we would treat the earnings quality as unproven rather than clean. Debt is modest — the ₹22 Cr repayment is the whole of what is being cleared — so the balance sheet is not stretched. The risk is not leverage; it is the working-capital tail.

On screen the print looks excellent — 25% revenue CAGR, margins into double digits, PAT up almost 4x. Under the hood, the tell is the use of proceeds: 61% for working capital. This is a business that grows by funding its receivables. Watch cash conversion, not the margin line.

9. Valuation

Company	Issue Price (₹)	P/E	Listing Gain
Xtranet Technologies (upper band)	127	16.3x	—
Excelsoft Technologies	120	34.6x	+5.0%
TechD Cybersecurity	193	32.5x	+99.5%
Prodocs Solutions	138	14.7x	+9.6%
Optivalue Tek Consulting	84	11.9x	+22.1%
Peer Median	—	~23.6x	—

At ₹127 the company is asking for 16.3x FY26 earnings, against a recently-listed small-IT cohort that has priced anywhere from ~12x to ~35x, with a median near 23.6x. On that comparison Xtranet is not expensive — it is priced at a discount to the median of its listing peers, and given a 25% revenue CAGR and margins that have already normalised, the pricing is fair-to-reasonable rather than stretched. This is the part of the report where we would normally turn constructive.

Two caveats keep us from doing so. First, the peer set is itself a set of recent IPOs, not seasoned listed comparables, so the median is a soft benchmark — the established large-cap IT names trade in a different band for different reasons and are not clean reads for a sub-₹700 Cr government vendor. Second, valuation is not what decides a listing-day trade, and this is a listing-and-momentum desk. A reasonable multiple tells us the downside on fundamentals is contained; it does not manufacture a pop. The pricing removes the 'expensive' objection. It does not, by itself, make the case to apply.

10. Demand, Application-Wise Breakup, Anchor Quality & BRLM Track Record

10.1 Subscription Trajectory (× subscribed)

Category	Day 1	Day 2	Day 3 / Final
QIB (ex-anchor)	0.01x	0.91x	Awaited (Mon)
NII (bHNI)	0.16x	—	Awaited
NII (sHNI)	0.64x	—	Awaited
NII (overall)	0.32x	1.20x	Awaited
Retail	0.92x	1.74x	Awaited
Overall	0.53x	1.39x	Awaited

Day-1 close 23 Jul; Day-2 read 24 Jul. Final day is Monday 27 Jul; QIB typically builds on the last day.

10.2 Application-Wise Breakup (Approx. Allotment Slots)

Category	Min Lots	Approx. Max Allottees	Bid at Min (₹)
Retail (RII)	1	~41,790	13,970
NII — sHNI (₹2–10 L)	15	~398	2,09,550
NII — bHNI (> ₹10 L)	72	~796	10,05,840

This is the crux for our audience, and it is unflattering. The bHNI bucket has on the order of 796 minimum-application allotment slots — a small pool by construction, because the whole issue is only ₹167 Cr. If the bHNI category subscribes even a few times on Monday, allotment at the minimum ₹10.06 lakh ticket collapses toward one-in-several, and firm allotment only arrives well above that. Against a grey-market premium that has thinned to about 5.5%, the funded cost of carrying a large application for the T+2 window eats a real share of the expected gain. The sHNI bucket (~398 slots, ₹2.10 lakh entry at 15 lots) is the more efficient way to play this issue if one chooses to — smaller ticket, proportionate odds — which is precisely why our community view leans there rather than to the bHNI block. These counts are indicative, drawn from category reservations, and settle at the basis of allotment.

10.3 GMP

Grey-market premium was quoted around ₹7 over the ₹127 band as of 24–26 July — roughly 5.5% — and it has drifted down from ₹11 earlier in the week. Read it for what it is: an unofficial, unregulated, sentiment-driven quote on thin volume that can be marked anywhere and vanishes at the open. A 5.5% and falling GMP is not a cushion; it is a coin-flip dressed as a number. We use it as a temperature check, nothing more.

10.4 Anchor Quality

Anchor	Prior Issues	Avg P/E Bought	Avg Listing Gain	Avg Subn (x)
Saint Capital Fund	44	19.4x	+23.2%	45.3x
Taurus Mutual Fund	8	22.8x	+10.2%	28.4x
Viney Growth Fund	6	20.1x	+3.5%	15.2x

The anchor book is small (₹50 Cr, 10 investors) and, mutual-fund-wise, thin: Taurus is the only domestic MF in it, and Taurus is a minnow among fund houses. The two largest cheques came from Saint Capital Fund and Viney Growth Fund at about 16% each. Here is the read that matters most: this is an SME-style anchor book on a mainboard issue. Saint Capital, Viney Growth and the rest are exactly the names our base shows recurring in SME anchor allocations — high-subscription, quick-flip participants — not the mutual-fund and insurance sponsors that typically underwrite a mainboard book. The composition tells you who was actually courting this issue, and it was the SME ecosystem, not mainboard institutional money.

The one useful positive is the P/E fit: Saint Capital, Taurus and Viney have historically bought issues at average P/Es of roughly 19–23x, and Xtranet at 16.3x sits comfortably inside — even slightly below — that comfort band, so nobody in this book is stretching on valuation to be here. That is mildly reassuring on price. It is not reassuring on conviction. Saint Capital's book has averaged a healthy +23% listing gain historically, but Viney's averages just +3.5%, and none of these names carries the weight an SBI, ICICI Pru or Nippon allocation would. This is a book that says 'the price is fine,' not 'the institutions are excited.'

10.5 BRLM Track Record

The sole lead manager is Share India Capital Services, and this is the single most important line in the section: Share India is an SME-IPO merchant banker, and Xtranet is its first mainboard appearance. It does not feature in our 7-year base of 78 mainboard book-runners because its history sits entirely in the SME segment — so there is no mainboard hit-rate or average-listing-gain track record to score it by, only an SME one that does not transfer. A house running its debut mainboard book, single-handed, with no prior large-issue stabilisation experience, is a genuine execution question, not a formality. Pair that with an SME-style anchor book (see 10.4) and a clear picture emerges: this is a mainboard issue being run with an SME playbook and an SME support cast.

We would weight that as a real, if not disqualifying, negative. Plenty of clean issues have listed off smaller bankers, and a first mainboard mandate has to start somewhere. But a debut mainboard BRLM removes the comfort that a Kotak, Axis or ICICI Securities lead would have provided on both book-building and post-listing stabilisation — and for a listing-and-momentum desk, stabilisation quality on the print is exactly what we are paying attention to.

Strong anchor participation and a good BRLM track record reduce listing risk; they do not eliminate it. Here we have neither in strong form — a modest anchor book and a lead with no mainboard track record in our base — which is a meaningful part of why the call is cautious.

11. Risk Factors

[PRIMARY CONCERN] Allotment math against a thin premium.

The issue is small and the bHNI bucket holds only a few hundred minimum-application slots. If bHNI subscribes even modestly on the final day, allotment odds at the ₹10.06 lakh ticket fall sharply, and the funded cost of carry for the T+2 window consumes much of a grey-market premium that is already down to ~5.5%. The risk-reward on the bHNI application is the primary reason for our cautious stance.

Listing Volatility.

Even with a decent structure, mainboard IPOs in the current regime swing hard on the listing print and through the first few sessions. A weak open, a broad-market gap-down, or momentum that simply does not show can undo the setup regardless of how the book looked. On our read the listing print carries a plausible downside of roughly 3–6% from the issue price if sentiment softens into Monday's close. We do not consider this a risk-free recommendation.

1. Concurrent-issue competition for capital.

Xtranet is open in the same 23–27 July window as larger mainboard issues. Institutional and HNI money is finite in a crowded week, and a small issue is the one most likely to be starved of the last-day QIB and NII push that drives a strong listing.

2. Government/PSU customer concentration.

Revenue leans on public-sector clients, and named concentration is not disclosed in the data we have. Any delay in tender awards, a change in procurement priorities, or the loss of one large contract would show up quickly in a company of this size.

3. Working-capital intensity.

With ~61% of fresh proceeds going to working capital, the business ties up cash in receivables and unbilled revenue. If the cycle lengthens faster than revenue grows, reported PAT will keep outrunning operating cash flow — the classic government-vendor squeeze.

4. Earnings-quality / cash-conversion unproven.

PAT quadrupled off a weak FY24 base. Until the RHP cash-flow statement confirms CFO tracks PAT, we treat the margin expansion as accounting-clean but cash-unproven.

5. Debut mainboard BRLM from the SME segment.

Share India Capital Services is an SME-IPO merchant banker making its first mainboard appearance, running the book single-handed. It has no mainboard track record in our 7-year base, and SME experience does not transfer cleanly to large-issue book-building or post-listing stabilisation — a real execution question on the print.

6. SME-style anchor book on a mainboard issue.

₹50 Cr across 10 investors, Taurus the only domestic MF, with the largest cheques from names our base associates with SME anchor allocations. The book validates the price band but reflects SME-ecosystem interest rather than mainboard institutional conviction.

7. Fading grey-market premium.

GMP has slipped from ₹11 to ~₹7. It is indicative only and, at this level, provides no real margin of safety on the listing print.

8. Competitive, low-barrier core business.

Government IT integration is fragmented and price-competitive once tenders reopen. The platform layer (Synergy, XtraTrust) is optionality, not a proven margin engine.

12. Investment Strengths & Positive Indicators

1. **Clean 100% fresh-issue structure.**

No OFS means no promoter or investor is cashing out into the IPO, and the full ₹166.80 Cr reaches the company. Structurally this is one of the better-constructed books of the season and removes the exit-signal overhang.

2. **Strong two-year financial trajectory.**

Revenue at ~25% CAGR and PAT up nearly 4x to ₹40.7 Cr, with margins normalising from 4.7% to 11.1%. The operating-leverage story is real.

3. **Reasonable valuation.**

At 16.3x FY26 the issue is priced below the ~23.6x median of its recently-listed small-IT peers — the pricing leaves the 'expensive' objection off the table and contains fundamental downside.

4. **Anchors' valuation comfort.**

Saint Capital, Taurus and Viney historically buy at 19–23x P/E; at 16.3x this issue sits inside their band, so the anchor book is not stretching on price to participate.

5. **Low leverage.**

Only ₹22 Cr of debt is being repaid — the balance sheet was never stretched, and post-issue the company is effectively net-cash-funded for its working-capital needs.

6. **Sticky government relationships and empanelment.**

Approved-vendor status and a delivery track record with PSU clients provide demand visibility that a new entrant cannot easily replicate, even if it does not protect pricing.

13. Final Recommendation & Conclusion

R E C O M M E N D A T I O N

WAIT & WATCH

Take the five pillars in turn. Financial quality is a positive — 25% revenue CAGR, PAT up 4x, margins normalised, low debt — with the one asterisk that cash conversion is unproven in the data we have. Valuation is a positive: 16.3x FY26 is below the peer median, so the price is fair. GMP is a negative: ~5.5% and falling gives no cushion. Demand is soft: QIB ex-anchor under 1x through Day 2, a thin non-marquee anchor book, and a small bHNI bucket where allotment odds work against a large funded application. OFS% is a clean positive — there is none. Four of five pillars are neutral-to-good; the two that decide a listing trade — live demand and the grey-market read — are the weak ones.

For a bHNI desk the conclusion follows from the allotment arithmetic more than from any view on the company. This is a good small company at a fair price, but a small issue in a crowded week with a thin premium is not where the ₹10 lakh block earns its keep. Deploying into the bHNI bucket here means fighting for a few hundred slots and carrying funded cost against a 5.5% expected gain with a 3–6% listing-day downside that cannot be ruled out. When a larger, better-subscribed mainboard issue is open in the same window, the disciplined call is to wait for Monday's final-day print before committing bHNI capital — and, if one chooses to play Xtranet at all, to do so through the smaller sHNI ticket where the odds are proportionate. This is not a risk-free recommendation, and a strong anchor book does not guarantee listing gains — here the anchor book is not even strong.

We will publish the final view to the community on Monday, 27 July at 1:30 PM, once the closing-day QIB and NII prints are visible. Keep funds ready in case the setup firms.

Investor Category	Guidance	Allocation Approach	Exit Window
BHNI	WAIT & WATCH	Hold bHNI capital; prioritise the larger concurrent issue. Reassess on Monday's final-day print before applying.	Listing day only, if applied

14. Standard Disclaimer

The analysis presented herein is based on publicly available information and data as of the date of publication. Investors should conduct their own due diligence before making investment decisions. Past performance is not indicative of future results. The author does not guarantee the accuracy, completeness, or timeliness of the information provided. Investment in IPOs and equity markets involves substantial risk, including the risk of loss of principal. Market conditions, company performance, regulatory changes, and macroeconomic factors can significantly impact investment outcomes.

Past performance is not indicative of future returns.