



Meta Infotech Limited

Recommendation: **AVOID**

Business - Meta Infotech Limited is involved in the business of providing cybersecurity solutions to various organizations across India.

Objects of the Issue –

Particulars	Amount
Repayment of borrowings	Rs. 16.70 Cr.
Capital expenditure towards establishment of new office premises	Rs. 1.20 Cr.
Setup of an interactive experience centre	Rs. 0.91 Cr.
General Corporate Purposes	

Promoters Name – Venu Gopal Peruri

Promoter Share Holding Pattern	
Pre Issue 94.94%	Post Issue 68.90%

Rationale for recommendation –

Meta Infotech Limited, incorporated on Dec 17, 1998, has a long operational history and operates in a highly competitive and fragmented industry; however, it is well-established to withstand competition and capitalize on the industry growth. Despite strong growth in revenue (40.33% in FY24 and 43.84% in FY25), the company faces high customer concentration, with a single client contributing 62.76% of FY25 revenue and supplier concentration exceeding 99%. It is involved in multiple tax proceedings and has contingent liabilities of Rs. 124.61 lakhs. EBITDA and PAT margins have remained stable at 8.50%–10.50% and 6.00%–7.00%, with RoCE and RoE consistently strong. Operating cash flows turned negative in FY24 and FY25 due to reduced trade payables. However, its low D/E ratio and improving liquidity ratios indicate financial flexibility. The company has a strong order book of Rs. 57,313.01 lakhs as of April 30, 2025, to be executed over the next five years, providing robust revenue visibility. The overall management quality is considered satisfactory. However, given the high customer and supplier concentration, ongoing tax proceedings and the premium post-issue valuation with a P/E of **20.96**, the IPO appears to be **highly priced** at current levels. Thus, we recommend to **AVOID** the IPO for now but suggest investors track the company's post-listing performance to assess whether it is able to justify the premium valuation and how effectively it addresses the aforementioned business risks.

IPO Details

Opening Date	Jul 04, 2025
Closing Date	Jul 08, 2025
Allotment Date	Jul 09, 2025
Listing Date	Jul 11, 2025
Stock Exchange	BSE SME
Lot Size	800 Shares
Issue Price Per Share	₹153 - ₹161
Issue Size	80.18 Cr.
Fresh Issue	20.05 Cr.
Offer for Sale	60.13 Cr.
Application Amt	₹ 2,57,600 (1,600 shares)

	KPIs (In Lakhs)		
KPI's	FY 23	FY 24	FY 25
Revenue	10,841.23	15,213.32	21,882.35
EBITDA	936.59	1,598.32	2,235.25
Net Profit	654.31	1,050.79	1,450.14
RoCE	39.53%	45.55%	40.60%
ROE	33.48%	34.97%	32.55%
P/E	43.40	27.01	19.59

	Valuation Parameters	
Particulars	Pre-Issue	Post Issue*
EPS	8.22	7.68
BVPS	25.26	23.60
P/E	19.59	20.96
P/BV	6.37	6.82
Mkt Cap (In Cr)	283.95	303.99

*Annualized

Lead Managers –
HEM Securities Limited

Registrar –
KFin Technologies Limited

Industry Overview –

The IT & BPM sector has become one of the most significant growth catalysts for the Indian economy, contributing significantly to the country's GDP and public welfare. The IT industry accounted for 7.5% of India's GDP, as of FY23 and is projected to hit 10% by FY25.

Market Size - The Indian IT industry's revenue touched US\$ 227 billion in FY22, a 15.5% YoY growth and was estimated to have touched US\$ 245 billion in FY23. The IT spending in India is estimated to record a double-digit growth of 11.1% in 2024, totalling US\$ 138.6 billion up from US\$ 124.7 billion last year. By 2025, the Indian software product industry is projected to hit Rs. 8,68,700 crore (US\$ 100 billion) as companies seek to expand globally. India's IT industry is likely to hit the US\$ 350 billion mark by 2026 and contribute 10% towards the country's Gross Domestic Product (GDP).

Government Initiatives – The Union Budget 2024-25 allocated Rs. 1,16,342 Cr. (US\$ 13.98 billion) for IT and Telecom sectors. Cabinet approved PLI Scheme – 2.0 for IT Hardware with a budgetary outlay of Rs. 17,000 crore (US\$ 2.06 billion). The Cabinet approved an allocation of over Rs. 10,300 crore (US\$ 1.2 billion) for the India AI Mission, marking a significant step towards bolstering India's AI ecosystem. The government prioritizes cybersecurity, hyper-scale computing, AI and blockchain.

Outlook - India remains the top global offshoring hub for IT services, with emerging technologies and cloud adoption driving rapid growth. IT spending is projected to reach US\$ 138.6 billion in 2024, with the public cloud market expected to hit US\$ 17.8 billion by 2027, boosting jobs and GDP.

(source : RHP)



Business Overview -

Meta Infotech Limited is involved in the business of providing cybersecurity solutions to various organizations across India. The company delivers comprehensive cybersecurity solutions and services for protection and maintaining integrity of information and systems. The company was originally incorporated as 'Meta Infotech Private Limited' on Dec 17, 1998. The company work for safeguarding the digital infrastructures of companies belonging to diversified industries such as Banking, Capital Market, NBFC, IT/ITES, Cybersecurity, Automobile, Insurance, Pharmaceutical, FMCG, Real Estate, Hospitality, Manufacturing etc. The company procures the cybersecurity products from various international OEMs who develop solutions to ensure secure access, defense for web applications, cloud workload protection etc.

Company's Cybersecurity Solutions – Secure Access Service Edge (SASE), Database Security, Endpoint Detection and Response Security, Data Security, Application Security, API Security, Cloud Security, Security Information and Event Management (SIEM), Identity Security, Network & Perimeter Security and Email Security.

Products – Zscaler, Imperva, Broadcom, Palo Alto, Solace, Colortokens, Versa, Aryaka, Proofpoint, Forcepoint, CyberArk etc.

Order Book – Rs. 57,313.01 Lakhs as of Apr 30, 2025 scheduled to be executed in a period of 5 years.

Category-Wise Revenue Bifurcation -

(Amt. in Lakhs)

Particulars	FY2023		FY2024		FY2025	
	Amt	%	Amt	%	Amt	%
Sale of Solutions	9,510.41	87.72%	13,288.52	87.35%	18,329.56	83.76%
Sale of Services	1,330.82	12.28%	1,924.80	12.65%	3,552.79	16.24%
Total	10,841.23	100%	15,213.32	100%	21,882.35	100%

- In FY25, the company derived majority of its revenue from its SASE solution, which contributed 72.06%, while Sustenance and Professional Services together accounted for 11.28% of the total revenue.
- The company's majority of revenue is from Banking industry, contributing 72.61% in FY25.
- The company has consistently undertaken efforts to diversify its geographic presence by reducing its concentration in Maharashtra and Telangana and expanding into other regions.

Business Strategies -

- Build professional organization by recruiting and retaining highly skilled employees
- Enhance technological capabilities and expand domain expertise
- Set up additional offices and experience centres to expand operations

FINANCIAL SNAPSHOT

Key Performance Indicators (Amt in Lakhs)				Key Ratios			
Particulars	FY23	FY24	FY25	Particulars	FY23	FY24	FY25
P&L Statement				Per Share Data			
Total Income	10,954.33	15,304.66	22,001.78	Diluted EPS	3.71	5.96	8.22
Total Expenses	10,076.85	13,901.64	19,731.29	BV per share	254.84	391.88	25.26
EBITDA	936.59	1,598.32	2,235.25	Operating Ratios			
EBIT	821.99	1,444.66	2,008.60	EBITDA Margins	8.64%	10.51%	10.21%
PBT	877.48	1,403.02	2,040.90	PAT Margins	6.04%	6.91%	6.63%
Tax Expenses	223.17	352.23	590.76	Inventory days	10.73	3.70	7.80
Net Profit	654.31	1,050.79	1,450.14	Debtor days	56.75	32.15	37.22
Balance Sheet				Creditor days	234.25	76.87	20.87
Total Equity	1,954.14	3,004.92	4,455.07	Return Ratios			
Liabilities				RoCE	39.53%	45.55%	40.60%
Non-Current Liabilities	125.39	166.99	492.07	RoE	33.48%	34.97%	32.55%
Current Liabilities	5,560.99	2,731.01	2,490.41	Valuation Ratios (x)			
Total Liabilities	5,686.38	2,898.00	2,982.48	EV/EBITDA	2.18	1.56	2.73
Assets				Market Cap/Sales	0.11	0.08	1.30
Non-Current Assets	4,382.06	3,305.20	3,788.16	P/E	43.40	27.01	19.59
Current Assets	3,258.43	2,597.74	3,649.39	Price to Book Value	0.63	0.41	6.37
Total Assets	7,640.49	5,902.94	7,437.55	Solvency Ratios			
Cashflow Statement				Debt/Equity	0.39	0.03	0.39
Operating Cashflow	3,450.12	-377.35	-1,273.76	Current Ratio	0.59	0.95	1.47
Investing Cashflow	-1,862.80	1,063.59	-797.17	Quick Ratio	0.53	0.89	1.28
Financing Cashflow	-919.51	-815.78	1,550.73	Asset Turnover	1.42	2.58	2.94
				Interest Coverage Ratio	14.27	10.86	23.05

Financial Analysis –

- **Revenue from Operations** - The company's top line increased by 40.33% in FY24 and 43.84% in FY25, primarily due to sale of products and services.
- **EBITDA and PAT Margins** – The company has maintained EBITDA and PAT margins in range of 8.50% - 10.50% and 6.00% - 7.00%. The company's margins have improved marginally over the years primarily due to trade-off between slight decrease in material COGS and other expenses and increase in employee benefit expenses as a percentage of revenue.
- **RoCE and RoE** – The company has also maintained RoCE and RoE within range of 39.50% - 45.50% and 32.50% - 35.00% respectively, indicating effective utilisation of capital.
- **Operating cashflow** – The company reported positive operating cash flow in FY23; however, it turned negative in FY24 and FY25 primarily due to reduction in trade payables, as the company is actively settling its outstanding dues which also reduced creditor days.
- **D/E ratio** – The company has maintained a low debt-to-equity (D/E) ratio, providing it with financial flexibility to raise debt when required.
- **Current and Quick ratio** - The company's improving current and quick ratios over the years indicate strengthened short-term liquidity and more efficient working capital management.

Lead Manager –

The lead manager of the issue is Hem Securities Limited. The lead manager has managed 57 IPOs in last 3 years, among them 55 IPOs have opened in premium, 1 IPO has opened at par and another has opened at discount to their issue price on their respective listing dates.

Risk Factors -

- The company has customer concentration, top 10 customers contributing 92.88%, 87.96% and 84.65% in FY23, FY24 and FY25 respectively. The company also has single customer concentration of 62.76% as of FY25.
- The company has supplier concentration, top 10 suppliers contributing 99.98%, 99.99% and 99.90% in FY23, FY24 and FY25 respectively.
- The company has 14 tax proceedings amounting to Rs. 253.46 Lakhs and company's group companies have 8 tax proceedings amounting to Rs. 7.46 Lakhs.
- The company has contingent liabilities amounting to Rs. 124.61 Lakhs.

Key Management

- Venu Gopal Peruri is the Chairman and Managing Director of the company. He has 25 years+ experience in the information technology industry. There is evidence of dual chairmanship in the company.
- One of the Whole-Time Director has 15 years of experience and other has 23 years of experience in Information Technology industry.
- Non-Executive and Independent Directors are qualified and have significant experience in their respective fields.
- Chief Financial Officer has 15 years of experience in finance and accounts and Company Secretary and Compliance Officer has considerable experience.

Outlook – The overall management of the company is satisfactory.

Peer Analysis

Particulars	Meta Infotech Limited			TAC Infosec Limited			Quick Heal Technologies Limited			Sattrix Information Security Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	6.04%	6.91%	6.63%	50.69%	53.59%	44.78%	2.13%	7.74%	1.68%	10.50%	4.33%	8.99%
EBITDA Margin	8.64%	10.51%	10.21%	54.06%	57.13%	52.89%	8.00%	12.44%	4.72%	15.98%	8.37%	16.26%
RoCE	39.53%	45.55%	40.60%	65.53%	45.88%	29.91%	1.90%	6.00%	0.27%	47.33%	22.39%	17.25%
ROE	33.48%	34.97%	32.55%	65.81%	45.00%	26.74%	1.52%	5.55%	1.14%	32.00%	13.21%	11.47%
EPS (INR)	3.71	5.96	8.22	6.69	8.30	13.77	1.15	4.55	0.94	-	3.58	6.27
P/E	43.40	27.01	19.59	0.00	36.69	89.84	115.61	103.19	304.36	-	-	18.56

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