

IPO Note

Icodex Publishing Solutions Limited

Recommendation: **AVOID**

Company Background –

The company focuses on providing software products to the scholarly and academic publishing industry. The major source of revenue for the company is from application support and IT management as of the latest financial year. Previously, the company was catering to only one global publishing company so all revenue came from a single source. The company recently expanded its IT management segment to include 5 new domestic clients. It was incorporated in 2018 with its registered office in Pune.

Objects of the Issue –

Particulars	Amt. in Lakhs
Purchase of new office premises.	1,669.64
Purchase of hardware for new office.	111.79
Working capital requirement.	520.00
General corporate purposes.	-

Promoters Name –

Kamalakkannan Govindaraj and Chetan Shankarlal Soni.

Promoter Share Holding Pattern	
Pre Issue 88.24%	Post Issue 64.44%

Rationale for recommendation – The company has a post-issue P/E of 17.81 indicating that it is slightly overvalued. The company catered to only one international client in FY 23 and 24. It expanded its operations in FY 25 and performed well during that year but due to no track record, we cannot conclude that the company will perform well in the future too. The industry is forecasted to grow modestly at best. The lead manager also has no track record as this is the first mandate that they are handling. Due to all of these uncertainties, investors are recommended to **AVOID** this IPO for now.

IPO Details

Opening Date	Aug 11, 2025
Closing Date	Aug 13, 2025
Allotment Date	Aug 14, 2025
Listing Date	Aug 19, 2025
Stock Exchange	BSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹102 per share
Issue Size	42.03 Cr.
Fresh Issue	34.64 Cr.
Offer for Sale	7.39 Cr.
Application Amt	₹ 2,44,800 (2,400 shares)

KPI's	KPIs (In Lakhs)		
	FY 23	FY 24	FY 25
Revenue	953.67	1,040.07	2,187.74
EBITDA	194.81	426.07	1,342.99
Net Profit	181.18	439.70	895.62
RoCE	38.56%	44.49%	65.63%
ROE	43.21%	51.19%	47.02%
P/E	67.55	27.87	13.93

Particulars	Valuation Parameters	
	Pre-Issue	Post Issue
EPS	7.32	5.73
BVPS	15.56	12.18
P/E	13.93	17.81
P/BV	6.56	8.37
Mkt Cap (In Cr)	124.86	159.50

Lead Managers –

Indcap Advisors Private Limited (No data available as this is their first mandate)

Registrar –

Cameo Corporate Services Limited

Business Overview

The company is engaged in the business of software product development for scholarly publishing. Their software products help in the publication of research papers, studies, academic articles, etc. that help researchers, academicians, and scholars in their field of work. The company has 3 verticals:

- **Software Product Development** – This vertical includes the following:
 - Software-as-a-Service – Icodex operates as a software service provider for a global publishing company headquartered in the United States that provides content and services for research, education, and professional development. Their services include providing software to author, publishers, and peer reviewers.
 - Software Development for Others – As part of its service offerings, the company also offers ERP management and tailored software solutions.
- **Business Process Management** – The company also provides services that support the publishing process of their client, Global Publishing Company. It includes proofing, language, and layout quality through AI powered tools, managing logistics for print and distribution, invoice and payment processing, editorial servicing, etc.
- **Application Support and IT Management** – Under this vertical, the company offers technical support and manages IT services of their clients. It includes IT infrastructure management, server management, and offering setup and configuration of IT systems.

Software products developed by the company include iCAPP (Innovative Comprehensive Automated Publishing Platform), PaperPerfect, eAssistant, iProof, FlexyPage, iLang, iRef, iPublish, etc.

Product Wise Revenue Breakup:

(in Lakhs)

Particulars	FY 2023	%	FY 2024	%	FY 2025	%
Software Product Development	399.74	41.92%	466.05	44.81%	378.00	17.28%
Business Process Management	489.64	51.34%	515.40	49.55%	534.20	24.42%
Application Support & IT Management	64.29	6.74%	58.62	5.64%	1,275.54	58.30%
Total	953.67	100.00%	1,040.07	100.00%	2,187.74	100.00%

100% of the revenue in FY 23, and 24 was contributed by 1 customer only, a global publishing company. IN FY 25, the company started its IT and support services vertical therefore there is a spike in that year. Business process management has marginally increased every year. Software product development shows variation as it increased in FY 24 and then came back to 2023 level in FY 25.

Business Strategies -

- To empower India's research ecosystem by bridging the gap in infrastructure in Indian publishing.
- To revolutionize research publishing with technology like iCAPP, a comprehensive end-to-end publishing platform, and PaperPerfect that empowers research at every stage.
- Create self-reliant research ecosystem in India by establishing and managing globally reputed journals, and operate self-sufficiently with integrated and automated systems.

Risk Factors -

- The company is highly dependent on few customers. In FY 23, and 24, the company derived all of its revenue from a single customer, a global publishing company. It started IT management services in FY 25 but top 5 customers contributed 100% of the revenue.
- There are 2 outstanding tax litigations against the company worth ₹42.23 Lakhs.

Key Management

The management consists of **Kamalakkannan Govindaraj (Chairman, and Managing Director)**, **Chetan Shankarlal Soni (Whole-Time Director)**, and **Anand Pravin Pande (Non-Executive Director)**. Kamalakkannan Govindaraj and Chetan Soni hold a bachelor's degree of engineering in electricals and electronic engineering. Both have 20 years of experience each in the publishing industry. Anand Pande holds a bachelor's degree in commerce, is a member of ICAI, and has 15 years of experience as a chartered accountant.

-Venkata Subbarao Kalva, and **Shilpa Kiran Gududur** are **independent directors**. Venkata Kalva is a member of ICSI, has a master's degree in business administration, is a registered insolvency professional and registered value and has 18 years of experience as a company secretary. Shikpa Gududur holds a bachelor's degree in commerce, bachelor's degree in law, master's degree in law, is a member of ICSI and has 23 years of experience.

-Vaibhav Ashok Rupnar (CFO) holds a master's degree in commerce and has 17 years of experience in financial management. **Mohini Ajay Talhar (CS & CO)** is a member of ICSI with 4 years of experience.

The management team is satisfactory in terms of their educational qualifications and years of experience. However, there exists dual chairmanship which may be unfavourable to the company.

Industry Overview –

The global publishing market is forecast to add USD 19.37 billion between 2023 and 2028 at a CAGR of 1.2%. Using 2023 as the base year and the 2018–2022 window as history, this five-year CAGR implies roughly 6.1% cumulative growth for the sector over the period driven by a mix of traditional and digital formats across three product types—books, magazines and newspapers—and two platforms—traditional print and digital.

Regionally, Asia-Pacific (“APAC”) is expected to contribute 50% of the incremental global growth, equivalent to about USD 9.7 billion of the USD 19.37 billion uplift. North America currently leads the global sector due to deep penetration of digital reading devices and a large addressable base; in 2022, over 300 million Americans used smartphones, supporting a strong outlook for the eBooks segment in that region. Libraries, schools, youth centers, online portals, local bookshops, etc. help in distribution. Researchers emphasize that eBooks and broader digital consumption will continue to expand as device adoption and online purchasing rise.

At the same time, the market faces cost headwinds in traditional print—printing, paper and distribution—while digital publications benefit from structurally lower production and logistics costs. Piracy and illegal file sharing, particularly among younger users, pressure monetization. Competitive intensity is high and diversified; the report lists 22 notable companies spanning platforms and imprints, including Amazon, Adobe, Bertelsmann, Pearson, Wiley, McGraw Hill, Scholastic, News Corp., Oxford and Cambridge university presses, Wolters Kluwer and others, reflecting a market where both global conglomerates are positioned to capture the modest but steady USD-19.37-billion expansion through 2028.

Peer Analysis

Particulars	Icodex Publishing Solutions Limited			MPS Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	19.00%	42.28%	40.94%	21.33%	21.31%	19.98%
EBITDA Margin	20.43%	40.97%	61.39%	32.73%	32.66%	30.77%
RoCE	38.56%	44.49%	65.63%	33.30%	30.75%	39.45%
ROE	43.21%	51.19%	47.02%	26.57%	25.83%	31.13%
EPS (INR)	1.51	3.66	7.32	63.83	69.44	87.06
P/E	67.55	27.87	13.93	16.64	23.16	27.04

While unstable, the operating margins of Icodex remain above its peer competitor. The peer company may also not be directly comparable as it has been marginally shrinking every year. The RoCE and ROE of Icodex are higher as well.

FINANCIAL SNAPSHOT

Key Performance Indicators: (in Lakhs)				Key Ratios:			
Particulars	FY 23	FY 24	FY 25	Particulars	FY 23	FY 24	FY 25
P&L Statement				Per Share Data			
Total Income	971.76	1,098.62	2,207.88	Diluted EPS	1.51	3.66	7.32
Total Expenses	787.55	654.04	926.12	BV per share	41,933.00	85,903.00	15.56
EBITDA	194.81	426.07	1,342.99	Operating Ratios			
EBIT	167.14	390.01	1283.78	EBITDA Margins	20.43%	40.97%	61.39%

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PBT	184.21	444.56	1,281.75
Tax Expenses	3.03	4.86	386.13
Net Profit	181.18	439.70	895.62
Balance Sheet			
Total Equity	419.33	859.03	1,904.65
Assets			
Non-Current Assets	210.29	576.49	1,420.62
Current Assets	374.79	490.61	1,054.27
Total Assets	585.08	1,067.10	2,474.89
Liabilities			
Non-Current Liabilities	14.10	17.56	51.44
Current Liabilities	151.68	190.51	518.78
Total Liabilities	165.78	208.07	570.22
Cash Flow Statement			
CFO	127.34	380.96	635.22
CFI	-109.60	-326.12	-921.27
CFF	1.07	82.77	344.19

PAT Margins	19.00%	42.28%	40.94%
Inventory Days	-	-	-
Debtor days	69.43	48.19	82.44
Creditor Days	-	-	-
Return Ratios			
RoCE	38.56%	44.49%	65.63%
RoE	43.21%	51.19%	47.02%
Valuation Ratios (x)			
EV/EBITDA	1.30	1.50	1.37
Market Cap / Sales	0.00	0.00	5.71
P/E	67.55	27.87	13.93
Price to Book Value	0.00	0.00	6.56
Solvency Ratios			
Debt / Equity	0.00	0.10	0.16
Current Ratio	2.47	2.58	2.03
Quick Ratio	2.47	2.58	2.03
Asset Turnover	1.63	0.97	0.88
Interest Coverage Ratio	163.86	97.50	57.91

Financial Analysis

-Revenue from operations increased by 9.06% and 110.35% in FY 24 and 25 respectively. Total revenue increased by 13.05% and 100.97% during the same time period. The increase of 9% in FY 24 is due to services provided to the sole international client. In FY 25, revenue of the company spiked as company started providing application support and IT management services to new domestic clients.

-Employee benefit expenses is a major part of total expenses incurred by the company. It reduced by 14.87% during FY 24 as the company capitalised a part of it under Intangible assets due to development of a software which was undertaken during the year. Other expenses also decreased in FY 24 by 36.01% due to the same reason. Employee benefit expenses increased by 27.01% in FY 25 as the company hired new employees.

-Other expenses spiked in FY 25 by 156.19% was due to increase in operations of the company.

-Because of certain line items being capitalised under intangible asset under development, total expenses of the company reduced by 16.95% in FY 24. This brought an overall increase in PAT and EBITDA as well as operating returns. EBITDA margin further increased in FY 25 because of a spike in revenue generated by the company while the expenses grew by 41.6% only.

-PAT margin decreased in FY 25 due to higher tax resulting from no MAT credit entitlement.

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