

Company Business

Virtual Galaxy Infotech Limited is a software development company primarily engaged in:

- ✦ Banking and Financial Solutions (products like VPAY, VConnect).
- ✦ Software Development for government agencies and private entities.
- ✦ Custom Enterprise Solutions.
- ✦ IT Infrastructure Services (servers, storage, etc.).
- ✦ Data Centre and Hosting Services.

Their products include proprietary platforms focused on digital payments, banking automation, and enterprise integration.

Industry Analysis and TAM

- ✦ The Indian IT & BPM industry contributed 7.5% of India’s GDP in FY23, expected to rise to 10% by 2025.
- ✦ India's IT sector is projected to grow to \$350 billion by 2026.
- ✦ The data annotation market (linked to AI) is expected to grow from \$250 million (FY20) to \$7 billion by 2030.
- ✦ IT spending in India is expected to reach \$138.6 billion in 2024, a YoY growth of 11.1%.

Pros and Cons

Pros

- ✦ Strong margins and profitability (50%+ EBITDA margin in FY24).
- ✦ Robust RONW (39.82%) indicating efficient capital usage.
- ✦ High growth in revenues over the past three years.
- ✦ Exposure to high-growth segments like AI-enabled platforms, banking, and fintech.
- ✦ Presence in Government & BFSI sectors, offering stability.

Cons

- ✦ High reliance on promoter-led management.
- ✦ Moderately leveraged with Debt-Equity of 0.94x.
- ✦ Intense competition from better-capitalized peers.
- ✦ High dependence on Indian IT & BFSI sector growth.
- ✦ Pending Taxation matters against the company involving an amount of Rs. 17.96 Cr.
- ✦ The company appears to have corporate governance issues, as it regularly files its PF, GST, TDS, and other statutory returns late.

IPO Details

- ✦ **Issue Size** : 65.70 lakh shares, Entire issue is fresh Issue – Rs. 93.29 Cr.
- ✦ **Promoters (Pre-IPO):**
 - Avinash Narayanrao Shende – 40.69%
 - Sachin Purushottam Pande – 40.69%
- ✦ **Promoter Group:**
 - Combined holding of 87.95% pre-issue
- ✦ **Post-IPO Holdings** : 64.71%

Objects of the Issue

- ✦ Setting up additional development facility (Nagpur) ₹34.26 Cr.
- ✦ Loan Repayment ₹3 Cr.
- ✦ Investment in GPU, server & data storage systems ₹5.05 Cr.
- ✦ Hiring for product enhancement/ maintenance ₹18.90 Cr.
- ✦ Business development and marketing ₹14.06 Cr.
- ✦ General Corporate Purposes

Financials of the company

(Fig. in Cr)

Particulars	Dec 31, 2024 (Standalone)	March 31, 2024 (Consolidated)	March 31, 2023 (Consolidated)	March 31, 2022 (Consolidated)
Revenue from Operations	101.24	63.50	59.68	43.43
EBITDA	45.50	31.36	11.92	9.15
EBITDA Margins	44.94%	49.38%	19.99%	21.14%
PAT	27.41	16.53	0.71	0.40
PAT Margins	27.08%	26.04%	1.20%	0.93%
ROCE	33.39%	31.68%	9.95%	7.71%
D/E Ratio	0.39	0.93	1.90	1.77
CFOA	28.39	28.40	9.36	11.84

Comparison with Peers

Companies	Revenue	EBITDA Margin	PAT Margin	D/E Ratio	MCap	P/E
Virtual Galaxy Infotech(FY 2024)	63.50 Cr.	49.38%	26.04%	0.93	353.13 Cr.	21.36
Veefin Solutions India (TTM)	79 Cr.	31%	20.25%	0.03	762 Cr.	57
Network People Services Tech. (TTM)	191 Cr.	34%	25.65%	0.00	3,992 Cr.	81.60
Trust Fintech (TTM)	33 Cr.	39%	30.30%	0.00	181 Cr.	17.30

*Forward PE is 9.66 on the basis of FY 25 PAT.



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