

# IPO NOTE

## CAPILLARY TECHNOLOGIES INDIA LTD.



### Rating:

**Avoid**



Capillary Technologies India Ltd is a leading Indian software-as-a-service (SaaS) company that specializes in customer loyalty and engagement solutions.

### OBJECTS OF THE ISSUE

- Investment in research, designing and development of products and platform.
- Investment in purchase of computer systems for business.
- Funding cloud infrastructure cost.

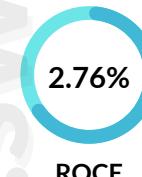
### FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (IN CRORE)	FY 2025	FY 2024	FY 2023
Equity Share Capital	14.66	14.64	10.57
Net Worth	481.42	452.13	99.75
Revenue	5,98.25	5,25.10	2,55.37
EBITDA Margin%	13.13%	-0.28%	-22.84%
Net Profit/Loss of the year	14.15	-68.35	-88.56

### FINANCIAL RATIOS OF FY25

#### ISSUE BREAK-UP (%)

QIB Portion		75%
NII Portion		15%
Retail Portion		10%



### OUTLOOK & VALUATION

- The company reported a net profit for the first time in FY25 (₹141.54 million), after significant losses in previous years.
- A substantial part of the total IPO size (e.g., over 60% based on the final issue size) consists of an Offer for Sale (OFS).
- The company operates in the highly competitive global SaaS (Software-as-a-Service) space, going up against global giants like Salesforce, Adobe, and HubSpot.
- Based on the company's financial data and market analysis, the valuation for the Capillary Technologies IPO appears highly aggressive hence, it is recommended to avoid this IPO.



## COMPANY PROFILE

- Founded in India, Capillary Technologies is a global software product firm offering AI-based, cloud-native SaaS solutions that help enterprises enhance customer and partner loyalty.
- They specialize in designing end-to-end loyalty and engagement systems that enable brands to build strong, data-driven relationships and drive long-term growth.
- Their product suite includes Loyalty+ for advanced loyalty management, Engage+ for connected engagement, Insights+ for predictive analytics, Rewards+ for rewards management, and a Customer Data Platform (CDP) for unified customer insights.
- They serve over 410 brands across 47 countries.



## COMPETITIVE STRATEGIES

- Focus Go-to-Market Strategy on Larger Enterprises.
- Focus on Improving Revenue from Existing Clients.
- Expand Presence in the United States and Pursue Further Acquisitions in North America and Other Regions.
- Drive Expansion through Addition of New Industry-Specific Solutions.
- Continue Investing in Artificial Intelligence-Driven Enhancements and Advanced Customer Engagement Solutions.



## KEY CONCERNs

- Heavy dependence on a few large enterprise clients for major revenue share.
- Rapidly evolving technology landscape may require continuous innovation.
- Exposure to data privacy, cybersecurity, and regulatory compliance risks.
- Intense competition from global SaaS and customer engagement platforms.
- Foreign currency and geopolitical exposure from significant overseas operations.



## KEY STRENGTHS

- Leading SaaS-based loyalty and customer engagement platform across Asia and the Middle East.
- AI-driven analytics enable brands to personalize customer experiences effectively.
- Strong global clientele including marquee brands across retail, BFSI, and hospitality.
- Scalable cloud-based infrastructure with multi-language, multi-currency capabilities.
- Experienced leadership with deep expertise in technology and enterprise solutions.

COMPARISON WITH LISTED INDUSTRY PEERS (GLOBAL)

Name of the Company	EPS (₹ Basic)	P/E	NAV	Revenue (cr.)	RoNW%
Capillary Technologies (Our Company)	1.93	298.93	65.03	598.25	2.85
<b>Peer Group</b>					
Salesforce, Inc.	540.79	40.07	5,441.60	3,182,15.34	10.26
Adobe Inc.	1,038.29	28.60	2,650.28	1,796,33.39	36.74
HubSpot, Inc.	7.53	-	3,153.16	219,86.92	0.29
Braze, Inc.	-85.65	-	402.61	49,83.03	-22.58



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