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CM RATING 41 /100

# Capillary Technologies India

## Building relationship through loyalty programs

### Issue is to fund cloud infrastructure and R&D

Capillary Technologies India (Capillary) is a software-as-a-service (SaaS) company that specializes in customer loyalty and engagement solutions. Capillary offers a comprehensive suite of products that help brands understand and engage their customers more effectively through data-driven insights.

Founded in 2008 and headquartered in Bengaluru, the company has global footprint with 16 offices in locations across India, United States, United Kingdom, United Arab Emirates Singapore, Indonesia, Vietnam and Malaysia.

Capillary's diversified product suite includes advanced loyalty management platform (Loyalty+), connected engagement platform (Engage+), predictive analytics platform (Insights+), rewards management platform (Rewards+) and customer data platform ("CDP") which allows its customers to run end-to-end loyalty programs, get a comprehensive view of consumers and offer unified, cross-channel strategies that deliver a real-time omni-channel, personalized, and consistent experience for consumers. Its solutions assist customers in generating engagement, drive conversions and boost repeat sale.

The company's SaaS products enable its customers to build engaged relationship with their consumers, help them reward their consumers and offer them analysis and insights using the company's customer data platform (CDP). Leveraging the numerous application programming interfaces ("APIs"), the company's products integrate with its customers' existing technology stack including their enterprise resource planning ("ERP") systems, point of sale ("POS") systems, e-commerce, social media platforms and multiple such consumer and transaction touch points in addition to seamlessly integrating with other third party data, marketing, and analytics platforms to provide extensibility of features for its customers. The scalability, architecture and security of its technology platforms allow for integration with other existing platforms such as security systems, identity verification, access management and data analytics.

The company's platform offers competitive implementation speed, which serves as a key differentiator and adds value for customers. Its API integrates into third party data, marketing, and analytics platforms to provide extensibility of features for its customers.

Capillary customers and brands span across verticals and include conglomerates and businesses engaged in retail consumer packaged goods ("CPG"), healthcare, apparel, departmental stores, luxury and lifestyle, travel, auto and hospitality, and energy retail verticals. The company supports over 410 brands in 47 countries, as of September 30, 2025, with the aim that businesses build consumer value using its innovative solutions.

### Object of the offer

The IPO consists of a fresh issue of Rs 345 crore and offer for sale of Rs 92,28,796 equity shares.

Capillary proposes to utilise Rs 143 crore from the net fresh issue proceeds for cloud infrastructure, Rs 71.6 crore will be invested in research, design and development of its products and platform. The company will use Rs 10.7 crore to purchase computer and the balance will be utilized to fund growth through unidentified acquisitions and general corporate purpose.

### Strengths

Capillary is a trusted partner in loyalty solutions and provides a comprehensive set of AI-led SaaS products for customer relationship management (“CRM”) and the loyalty management industry. The company has established itself as a leader in the global loyalty solutions industry in terms of email marketing tools, marketing automation platforms, loyalty solutions, rewards programs, account-based marketing tool (“ABM”), customer support tools, CDP, CRM and analytics / business intelligence tools.

The company provides full-spectrum loyalty management platform designed to address a wide range of use cases across industries.

Capillary technology infrastructure is built on a scalable, cloud-based architecture that allows its customers to process large volumes of data on a real-time basis and ensure speed and stable performance on a large scale to accommodate and support the increased complexity and diversity of their business operations. Its cloud platform is built to integrate seamlessly with the customer’s existing technology stack.

The company has long-term relationships with its marquee clientele with its relationship of over 2.5 years of its top 10 customers as on September 30, 2025.

The company has a successful track record of adding new brands through organic growth and strategic acquisitions. Its customer acquisition strategy is driven by a combination of direct sales efforts and an extensive partner network. The acquisition and integration of Persuade Group in Fiscal 2021 enabled the company to enhance its capabilities and expand its reach in new verticals such as healthcare, with the notable entry of an American healthcare company that provides technology services, pharmacy care services and various direct healthcare services.

Capillary leverages AI-driven innovation to enhance customer engagement and loyalty. Its solutions are powered by Artificial Intelligence Retail Analytics (“aiRA”), an advanced AI-powered assistant designed to enhance customer engagement, launched in May 2023. It uses generative artificial intelligence and retrieval-augmented generation to provide real-time answers to customer queries by accessing complex databases.

## **Weaknesses**

The company faces customer concentration risk as the top 5 and top 10 customers contributed to 38.60% and 55.70% of its revenue from operations in the six-month period ended September 30, 2025, and 43.35% and 58.71%, in Fiscal 2025, respectively.

The company also faces geographical concentration risk as in the six-month period ended September 30, 2025 and FY2025, the company’s revenue from the customers located in North America accounted for 56.01% and 56.6% respectively.

If the company is unable to attract customers in a cost effective manner it may adversely affect the company’s financial condition.

The company’s success is dependent on its ability to develop and innovate platform, products and solutions in a cost efficient and timely manner. Any failure to do so or inability of the company’s products/solutions to satisfy its customers or perform as desired could adversely impact its business.

The company has incurred losses in the six months ended September 30, 2024 and in FY2024 and FY2023. Also, the company had negative cash flows in the recent past including six months ended September 2024, FY2025 and FY2023. If the company is unable to generate adequate revenue growth and manage its expenses than the financial condition of the company will be affected.

The company may continue to undertake strategic acquisition to expand its service capabilities and to gain access to new customers and the failure on the company’s part to integrate such acquisitions efficiently might lead to other contingencies.

The loss of, or the company’s inability to hire, retain, train, and motivate qualified personnel could adversely affect operations of the company.

The company relies on third-party service providers including data centers and cloud computing providers, and any interruption or delay in service from these facilities could impair the delivery of the company's products.

## Valuation

Consolidated sales were up 25.1% to Rs 359.22 crore in the six months ended June 2025. The company turned profitable and reported net profit of Rs 1.03 crore as against net loss of Rs 10.28 crore in the corresponding period of the previous year.

Consolidated sales were up by 13.9% to Rs 598.26 crore in FY2025. The company turned profitable at the operating levels with operating profit of Rs 64.96 crore as against operating loss of Rs 11.83 crore in FY2024. Other income inclined 31.6% to Rs 13.61 crore, while interest cost declined 56.0% to Rs 7.79 crore and depreciation increased 7.2% to Rs 60.1 crore. Profit before tax was Rs 10.68 crore as against loss before tax of Rs 75.26 crore in the corresponding previous year. Tax credit was Rs 3.47 crore in FY2025 as against Rs 6.91 crore. Eventually, net profit was at 14.15 crore as against net loss of Rs 68.35 crore in FY2024.

At the higher price band of Rs 577, the offer is made at a P/E of 179.7 times TTM (till September 2025) EPS (of Rs 3.2)

There are no similar listed peers in India.

Listed players in the IT Services space include Intellect Design Arena, Accelya Solutions India, Orient Technologies and Newgen Software. In comparison Intellect Design Arena trades at 41.6 times its P/ TTM EPS, Accelya Solutions India trades at 15.7 times its P/ TTM EPS, Orient Technologies trades at 32.6 times its P/ TTM EPS and Newgen Software trades at 41.4 times its P/ TTM EPS.

<b>Capillary Technologies : Issue Highlights</b>	
Fresh issue (in Rs crore)	345
Offer for sale (in Rs crore)	507-533
Offer for sale (in number of shares)	
- in Upper price band	9228796
- in Lower price band	9228796
Price Band (Rs)	579-577
For Fresh Issue Offer size (in no of shares)	
- in Upper price band	5979203
- in Lower price band	6284153
<b>Post issue capital (Rs crore)</b>	
- in Upper price band	15.86
- in Lower price band	15.92
<b>Post issue Promoter and Promoter Group shareholding</b>	
-On higher price band (%)	51.2%
-On lower price band (%)	51.0%
Bid Size (in No. of shares)	25
Issue open date	14/11/2025
Issue close date	18/11/2025
Listing	BSE, NSE
<b>Rating</b>	<b>41/100</b>

<b>Capillary Technoogoes India : Consolidated Financial</b>					
	2303 (12)	2403 (12)	2503 (12)	2406 (6)	2506 (6)
Sales	255.37	525.10	598.26	287.18	359.22

OPM (%)	-27.11	-2.25	10.86	5.04	10.15
OP	-69.22	-11.83	64.96	14.47	36.48
Other inc.	10.88	10.34	13.61	9.61	3.35
PBIDT	-58.34	-1.49	78.57	24.07	39.82
Interest	11.24	17.71	7.79	4.52	2.94
PBDT	-69.58	-19.20	70.79	19.55	36.89
Dep.	36.69	56.06	60.10	30.76	36.37
PBT	-106.27	-75.26	10.68	-11.21	0.52
Share of profit/loss from JV	-	-	-	-	-
PBT Before EO	-106.27	-75.26	10.68	-11.21	0.52
Exceptional items	11.38	-	-	-	-
PBT After EO	-94.89	-75.26	10.68	-11.21	0.52
Total Tax	-6.33	-6.91	-3.47	-0.93	-0.52
PAT	-88.56	-68.351	14.15	-10.28	1.03
Minority Interest	-	-	-	-	-
Net Profit	-88.56	-68.35	14.15	-10.28	1.03
EPS (Rs)*	-11.17	-4.31	0.89	#	#
EPS is on post issue equity capital of Rs 15.92 crore of face value of Rs 2 each					
Figures in Rs crore					
Source:Capillary Technologies Issue Prospectus					