SME IPO Note

BONANZA RESEARCH – SME IPO

Bonanza

29 June 2026

Kratikal Tech Limited - SUBSCRIBE

Company Overview

Kratikal Tech Limited, headquartered in Noida, Uttar Pradesh, was incorporated on November 13, 2013 and converted into a public limited company in September 2025. It is an AI-driven, SaaS-based cybersecurity firm operating under two flagship brands, Threatcop and Kratikal Services.

Investment Rationale

- **Riding the Indian Cybersecurity Wave:** Indian cybersecurity market projected to hit USD 13.6 Bn by CY2025, propelled by Digital India, DPDPA 2023, and CERT-In's 6-hour breach reporting mandate.
- **Hypergrowth Trajectory:** Revenue from operations nearly tripled from Rs. 1,301.58 Lakh (FY24) to Rs. 3,671.59 Lakh (FY26) at 68% CAGR; PAT grew from Rs. 320 Lakh to Rs. 614 Lakh.
- **Asset-Light SaaS + Services Hybrid:** Recurring SaaS revenue (53.77% of revenue) blended with high margin VAPT/GRC services; zero inventory, debt-free balance sheet.
- **Strong Regulatory Moat:** CERT-In empanelment is a critical credential providing privileged access to PSU, BFSI and government accounts, a high entry barrier for newer players.
- **Proprietary AI/ML Platforms:** AutoSecT, AI Vishing simulations, AI Awareness Manager, and AI Studio give it product differentiation in an otherwise services-heavy industry.
- **Global Expansion Story:** Export revenue rose to 29.94% in FY26 (UAE 9.67%, USA 8.17%, Saudi Arabia 5.58%); IPO proceeds will further fuel international scaling.
- **Capital Efficient Operations:** ROE of 34.95%, ROCE of 34.35% in FY26, virtually zero debt.

Valuation

At the upper price band of Rs. 135, the IPO is priced at 17.2x FY26 P/E and 4.6x P/B, undemanding for a debt-free business delivering 35% ROE and ROCE. Strong capital efficiency, healthy 2.4x liquidity, and zero leverage underpin quality. India's cybersecurity demand offers a long growth runway, and the company's product strength (TSAT, VAPT) supports durable revenue. Near-term margin compression and concentration risks are real but manageable as scale builds. Hence, we recommend **SUBSCRIBE** to this SME IPO.

IPO Details	
Industry	IT Software & Services
Issue Open Date	30-Jun-26
Issue Close Date	02-Jul-26
Price Band	Rs. 128-135
Issue Size*	Rs. 39,69 Lakh
Issue Size (Shares)	29,40,000
Bid Lot	1,000 Shares
Listing Exchanges	BSE SME
Face Value	Rs. 10/-

*At highest price band

Issue Details	
Fresh Issue*	Rs. 3,766 Lakh
Issue Type	Fresh capital only
Lead Manager	Beeline Capital Advisors
Registrar	Kfin Technologies
Issue structure	Market Maker: 5.10% QIB: 47.24% NII: 14.39% Retail: 33.27%
Allotment	03-Jul-26
Credit of Shares	06-Jul-26
Listing Date	07-Jul-26

Objective of Issue

Particular	Estimated Amt (in Lakh)
Capex	2,308
Investment in Product Development	923
General Corporate Purposes	-

Shareholding Pattern

Shareholding (%)	Pre (%)	Post (%)
Promoter	72.58	53.36
Public & Others	27.42	46.64

Business Highlights

Product Portfolio:

Segment	Product/Service	Revenue	Share of Total
Threatcop	Product	1,974.53	53.77%
	TSAT	1,585.90	43.19%
	TDMARC	223.97	6.10%
	TLMS	164.49	4.48%
Kratikal	Service	1,697.06	46.23%
	VAPT	1,284.30	34.98%
	GRC	397.63	10.83%
	vCISO	9.91	0.27%
	AutoSecT	5.14	0.14%
Total		3,671.59	100.00%

Sector Mix:

Sector	Share
Tech & Software	28.93%
Manufacturing	13.48%
BFSI	12.96%
Energy/Utilities	8.86%
NBFC	7.90%
Top 5 subtotal	72.13%

Customer Concentration:

Tier	Share of Revenue
Top customer	8.93%
Top 5 customers	21.22%
Top 10 customers	31.60%

Geographic Mix:

Region	Share	Notes
India	70.99%	Domestic market
International	29.94%	UAE, USA, Saudi Arabia

Financials

Financial Performance:

Particulars (in Lakh)	FY24	FY25	FY26	CAGR (FY24-26)
Revenue from Operations	1,302	2,085	3,672	68%
EBITDA	387.04	551.25	908.08	53%
EBITDA Margin	29.74%	26.44%	24.73%	
PAT	320.32	381.44	614.25	38%
PAT Margin	24.61%	18.29%	16.73%	

- Revenue grew at a 68% CAGR over FY24–FY26, exceptional top-line momentum.
- PAT nearly doubled in 2 years, but margins are compressing, due to aggressive hiring, S&M ramp-up, and intangible-asset amortization tied to global expansion.
- Employee costs at 41% of revenue, the people-intensive nature of cybersecurity will keep this elevated.

Balance Sheet:

Particulars	FY24	FY25	FY26	Particulars	FY24	FY25	FY26
Equity & Liabilities				**Assets**			
Net Worth	656.04	1112.61	2401.98	PPE	32.91	45.89	66.68
Long Term Debt	0.50	0.50	0.50	Inventories	-	-	-
Short Term Debt	2.39	-	-	Trade Rec.	242.33	406.40	891.97
Trade Payables	12.02	20.06	21.54	Cash	106.54	160.97	154.56

- Virtually debt-free, only Rs. 0.50 Lakh, unsecured director loan; D/E ratio = 0.00x.
- Share Capital jump in FY26 reflects the 600:1 bonus issue + private placement (at Rs. 125/share) ahead of IPO.
- Trade Receivables more than 3.6x in 2 years, growing faster than revenue, a working-capital red flag.

Cash Flow:

Particulars	FY24	FY25	FY26
Operating Cash Flow	422.12	457.85	209.85
Investing Cash Flow	(381.71)	(399.77)	(972.50)
Financing Cash Flow	2.04	(3.64)	756.24
Net Cash Flow	42.46	54.44	(6.41)

- Healthy CFO, but a large portion is consumed by capex on intangible assets under development.
- Investing cash flows are consistently negative, heavy R&D capitalization.
- Financing activities are minimal historically, IPO is the first major capital infusion.
- Operating cash flow has lagged PAT growth in FY25 due to receivables stretch, a trend that requires monitoring post-listing.

Key Ratios:

Ratio	FY26
Return on Equity	34.95%
Return on Capital Employed	34.35%
Debt-Equity Ratio	0.00x
Current Ratio	2.40x
EPS (Rs.)	7.85
NAV (Rs.)	29.43

- ROE: Far above the 15-20% benchmark, shareholder funds are being deployed very efficiently.
- ROCE: Strong returns on total capital. Notably, ROE = ROCE, which is the signature of a debt-free company.
- D/E: Zero debt. No financial risk from borrowings, full financial flexibility, and no interest burden eating into profits.
- Current Ratio: Comfortable liquidity. Current assets cover short-term liabilities 2.4x healthy, with low risk of a working-capital crunch.

Peer Comparison

Metrics	Kratikal Tech	AAA Technologies	Accedere Limited
Revenue	3,672	2,038	415
EBITDA	908	166	109
PAT	614	206	63
EPS (Rs.)	7.85	1.61	1.37
RONW	25.57%	6.66%	12.51%
NAV (Rs.)	29.43	24.14	10.98
P/E Ratio	17.20	58.39	60.51

Risk & Concerns

- **Product Concentration:** Two products drive 78% of revenue, TSAT (43.19%) and VAPT (34.98%). A tech shift or demand drop in either is a direct, material hit.
- **Customer Concentration:** Top 10 clients now contribute 31.60% of revenue, up sharply from 21.89% in FY25; the single largest is 8.93%. Dependence is rising.
- **Geographic Concentration:** 63.07% of revenue comes from just 6 Indian states.
- **Seasonality:** Q4 alone accounts for 34.58% of FY26 revenue, skewing quarterly comparability and predictability.
- **Margin Compression:** EBITDA margin down 500 bps and PAT margin down 790 bps over FY24–FY26. International expansion is likely to pressure margins further near-term.
- **Receivables Stretch:** Collection days rose from 68 to 89, outpacing revenue growth — a sign of tightening working capital.
- **Intense Competition:** Squeezed between large IT consultancies (TCS, Infosys), global cyber majors (Palo Alto, CrowdStrike), and niche local players (AAA Technologies, Accedere).

Name	Designation	
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