BONANZA RESEARCH – SME IPO

26 August 2026

Kwick Forensic Solutions Limited – SUBSCRIBE

Company Overview

Kwick Forensic Solutions Limited, a Chennai based company incorporated in 2005, supplies end to end forensic products and solutions across four verticals covering Forensic Science and Physical Evidence, Cyber and Digital Forensics, DNA Forensics and Mobile CSI Vehicles, along with equipment rental services. It serves police departments, forensic laboratories, fingerprint bureaus and training academies across India.

Investment Rationale

- **Policy Led Demand Runway:** The National Forensic Infrastructure Enhancement Scheme carries an outlay of Rs. 2,254.43 Cr for FY25 to FY29, while the modernisation of Police Forces umbrella scheme has a central outlay of Rs. 26,275 Cr for FY22 to FY26 including Rs. 2,080.50 Cr for forensic capacity. The new criminal laws effective 1 July 2024 mandate forensic examination for offences punishable with seven years or more.
- **Exceptional Growth Track Record:** Revenue rose from Rs. 3,018 Lakh (FY24) to Rs. 10,571 Lakh (FY26), an 87% CAGR, while PAT climbed from Rs. 283 Lakh to Rs. 1,351 Lakh, a 118% CAGR, with EBITDA margin held near 18% right through the scale up.
- **Debt Free with Best-in-Class Return Ratios:** Borrowings of Rs. 324 Lakh in FY24 were fully repaid by 31 March 2026, leaving nil debt and cash of Rs. 1,316 Lakh. FY26 ROE stood at 38.98%, ROCE at 44.88% and RoNW at 32.62%.
- **Mix Shift into Higher Value Verticals:** Cyber and Digital Forensics revenue grew from Rs. 642 Lakh to Rs. 3,523 Lakh and DNA Forensics from Rs. 43 Lakh to Rs. 1,138 Lakh over FY24 to FY26, cutting reliance on the lumpier Mobile CSI Vehicle line to 10% of revenue.
- **Asset Light Pivot and Import Substitution:** Under a collaborative execution model the company supplied kits for 95 Mobile CSI Vehicles worth Rs. 2,036 Lakh in FY26 without funding the vehicles, while imports fell from 34.58% of purchases in FY24 to 8.65% in FY26.
- **Working Capital Pre-Funded:** Debtor days improved from 89 to 74 and creditor days from 51 to 44 in FY26. Of the FY27 working capital gap of Rs. 4,442 Lakh, Rs. 3,142 Lakh is funded from the fresh issue, removing the main constraint on order execution.

Valuation

At the upper band of Rs. 90, Kwick Forensic is priced at 14.3x FY26 post issue EPS of Rs. 6.30 and about 9.4x EV/EBITDA, against a two year revenue CAGR of 87% and PAT CAGR of 118%. There is no listed peer in the same line of business, so the multiple carries no direct market anchor. Backed by a debt free balance sheet, ROE near 39%, a visible government spending cycle, the pricing looks fair rather than cheap. Hence, we recommend **SUBSCRIBE** for investors with a medium-term horizon.

IPO Details	
Industry	Forensic Technology
Issue Open Date	27-Aug-26
Issue Close Date	31-Aug-26
Price Band	Rs. 85 – 90
Issue Size*	Rs. 5,077 Lakh
Issue Size (Shares)	56,41,600
Bid Lot	1,600 Shares
Listing Exchanges	BSE SME
Face Value	Rs. 10/-

***At highest price band**

Issue Details	
Fresh Issue*	Rs. 4,105 Lakh
Offer for Sale*	Rs. 972 Lakh
Issue Type	Fresh Capital cum OFS
Lead Manager	Corporate Capital Ventures
Registrar	Bigshare Services
Issue structure	Market Maker: 5.02% QIB: 47.39% NII: 14.29% Retail: 33.30%
Allotment	01-Sep-26
Credit of Shares	02-Sep-26
Listing Date	03-Sep-26

Objective of Issue

Particular	Estimated Amt (in Lakh)
Working Capital	3,142
General Corporate Purposes	-

Shareholding Pattern

Shareholding (%)	Pre (%)	Post (%)
Promoter	88.54	64.65
Public & Others	11.46	35.35

Business Highlights

- **Four Segment Portfolio (FY26 mix):** Forensic Science and Physical Evidence 36.99%, Cyber and Digital Forensics 33.32%, DNA Forensics 10.76% and Mobile CSI Vehicles 10.00%, with forensic equipment rental and AMC services contributing the balance 8.92%.
- **Customer Profile:** Government entities accounted for 55.22% of FY26 revenue against 78.91% in FY25 and 86.98% in FY24. The company served 95 customers in FY26, with the top 1, top 5 and top 10 at 23.59%, 58.04% and 77.64% of revenue.
- **Geographic Spread (FY26):** Gujarat 29.39%, Bihar 9.02% and other states 61.59%, against Bihar at 34.53% in FY24, reflecting a deliberate widening of the state footprint through workshops and channel onboarding across more than a dozen states.
- **Capability and Accreditation:** In house R&D with four commercialised handheld devices and an E-Forensics software suite plus a LIMS platform under development, backed by ISO 9001, ISO 14001, ISO/IEC 20000-1 and ISO/IEC 27001 certifications and MSME, DSIR and NSIC registrations, run on a payroll of 33 employees with 12 on contract as at 31 July 2026.

Financials

Profit & Loss Statement:

Particulars (in Lakh)	FY24	FY25	FY26	CAGR (FY24-26)
Revenue from Operations	3,018	6,503	10,571	87%
EBITDA	545	1,225	1,906	87%
EBITDA Margin	18.04%	18.84%	18.03%	-
PAT	283	856	1,351	118%
PAT Margin	9.39%	13.16%	12.78%	-

- Revenue more than tripled in two years, led by Forensic Science and Physical Evidence and Cyber and Digital Forensics, each of which grew over 2.3x in FY26 alone.
- EBITDA margin has held near 18% across all three years even as cost of goods sold rose from 62.70% to 72.94% of revenue, so operating leverage on fixed costs has absorbed the gross margin compression.
- PAT margin improved from 9.39% in FY24 to 12.78% in FY26, helped by finance cost falling from Rs. 133 Lakh to Rs. 37 Lakh as borrowings were retired.
- FY26 adjusted EPS of Rs. 8.00 is stated post the 7:1 bonus issue of September 2025, on which the pre issue P/E works out to 11.25x at the Rs. 90 cap price.

Balance Sheet:

Particulars	FY24	FY25	FY26	Particulars	FY24	FY25	FY26
Equity & Liabilities				**Assets**			
Net Worth	986	2,790	4,141	PPE	144	137	293
Long Term Debt	9	-	-	Inventories	329	757	1,044
Short Term Debt	315	326	-	Trade Rec.	1,194	1,979	2,288
Trade Payables	325	1,043	871	Cash	4	1,207	1,316

- Net worth rose 4.2x from Rs. 986 Lakh to Rs. 4,141 Lakh, aided by net private placement proceeds of Rs. 948 Lakh in FY25 at Rs. 569 per share and by retained earnings.
- The company is debt free as at 31 March 2026, with Rs. 324 Lakh of borrowings in FY24 and Rs. 326 Lakh in FY25 fully repaid during the year.
- Trade receivables grew 1.9x over two years to Rs. 2,288 Lakh, but the pace slowed sharply to 15.6% in FY26 from 65.8% in FY25, pointing to tighter collection discipline.
- Inventories rose 3.2x to Rs. 1,044 Lakh in absolute terms, though inventory days on cost of sales fell from 62 in FY24 to 43 in FY26.

Cash Flow:

Particulars	FY24	FY25	FY26
Operating Cash Flow	(260.57)	465.09	762.30
Investing Cash Flow	(40.21)	(97.40)	(273.17)
Financing Cash Flow	(86.61)	835.59	(379.60)
Net Cash Flow	(387.40)	1,203.28	109.54

- Operating cash flow turned positive in FY25 and grew 64% to Rs. 762 Lakh in FY26, though conversion of PAT into operating cash remains modest at 56% given the working capital intensity of a tender led model.
- Investing outflow widened to Rs. 273 Lakh in FY26, comprising Rs. 207 Lakh of tangible asset purchases and Rs. 75 Lakh into intangibles under development for the software platforms.
- The FY26 financing outflow of Rs. 380 Lakh reflects repayment of the entire Rs. 326 Lakh short term borrowing together with interest, leaving the balance sheet unlevered ahead of listing.

Key Ratios:

Particular	FY26
Return on Equity	38.98%
Return on Capital Employed	44.88%
Debt-Equity Ratio	0.00x
Current Ratio	2.90x
EPS (Rs.)	8.00
NAV (Rs.)	24.54

Working Capital Cycle:

Particular	FY24	FY25	FY26
Debtor Days	83	89	74
Inventory Days	62	44	43
Creditor Days	48	51	44
Net Working Capital Days	98	141	124
Working Capital (Rs. Lakh)	992	2,562	3,587

Peer Comparison

There are no listed companies that engage in the same line of business.

Risk & Concerns

- **Customer Concentration:** Top 1, top 5 and top 10 customers were 23.59%, 58.04% and 77.64% of FY26 revenue, and the number of customers served fell from 128 in FY24 to 95 in FY26.
- **No Long-Term Contracts:** Business runs on purchase orders rather than fixed term agreements, and liquidated damages were paid for a delayed supply in FY24.
- **Government Dependence:** Government entities contributed 55.22% of FY26 revenue, exposing order flow to budget cycles, tender timing and extended payment approvals.
- **Supplier Concentration:** The top supplier accounted for 40.86% and the top five for 67.74% of cost of materials consumed in FY26, with no long-term supply agreements disclosed.
- **Gross Margin Compression:** Cost of goods sold rose from 62.70% of revenue in FY24 to 72.94% in FY26, reflecting a sourcing and assembly led model with limited in-house manufacturing.
- **Lumpy Revenue and Cash Flow:** Q4 of FY25 alone accounted for 51% of that year sales, and operating cash flow was negative at Rs. 261 Lakh in FY24.
- **Compliance History:** Forensic activity sat outside the main objects clause from 2015 until April 2025, with the ROC Chennai levying a Rs. 2 Lakh penalty on the company and Rs. 0.50 Lakh on the Managing Director in June 2026, alongside recorded delays in advance tax, EPF, GST and TDS filings.
- **Rented Premises:** Both the registered office and the R&D and demonstration branch operate from rented premises on short tenure agreements with no assurance of renewal.

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