

**View: Positive**

**Stock Info**

Sector	Technology and IT Services
Face Value (INR)	10
Mkt Cap (INR mn)	1,409.2

**Shareholding Pattern %**

*(Post Issue)*

Promoters	54.73
Public & Others	45.27

Exato Technologies Ltd. is a Noida-based digital transformation and AI-driven customer experience (CX) solutions provider offering an integrated portfolio across CX & Analytics, Unified Communications & Infrastructure, and its proprietary Exato IQ suite. The company leverages advanced technologies such as AI, automation, omnichannel CX platforms, and cloud-native communication solutions to serve clients across BFSI, Healthcare, Retail, Telecom, Manufacturing, and IT/ITeS sectors. With wholly owned subsidiaries in the USA, Singapore, and India, and strong global partnerships with NICE, Mitel, and Acumatica, Exato has built a wide delivery presence, recognized through multiple Partner of the Year awards from NICE and Mitel. Its business model combines long-term managed services, subscription revenues, perpetual licenses, and maintenance contracts, enabling a scalable and sticky revenue profile.

**Investment Rationale**

**Strong Positioning in High-Growth AI, CX & Automation Segments:** Company is strategically positioned in some of the fastest-growing technology domains AI-led CX transformation, workflow automation, analytics, and cloud-native communication which continue to see rising enterprise adoption globally. The company's proprietary AI accelerators (Autopilot, Copilot, Orchestrator) create a unified intelligent CX layer that drives automation, real-time agent assistance, and predictive insights.

**Scalable Business Model with High Recurring Revenue (ARR) Visibility:** The company operates a robust and scalable dual-revenue model powered by long-term recurring contracts across CXaaS, AI-as-a-Service, managed services, and automation frameworks. With ARR contributing nearly ~80% of revenue in H1 FY25, company benefits from predictable revenue visibility, high customer stickiness, and improved lifetime value (LTV). These recurring engagements typically span 3–5 years, ensuring sustained relationships and continuous cross-sell and up-sell opportunities. The ARR model also reduces exposure to cyclical revenue fluctuations, provides better cash flow predictability, and enhances the overall financial resilience of the business.

**Strong Global Technology Partnerships Enhancing Competitive Advantage:** Company's long-standing alliances with global OEMs including NICE (CXOne platform), Mitel (unified communications), and Acumatica (cloud ERP) give the company access to world-class technologies, early product roadmap insights, and specialized implementation expertise. These partnerships significantly strengthen company's value proposition, enabling it to serve as a full-stack transformation partner rather than just a point-solution provider. This ecosystem-driven approach enhances customer trust, accelerates deployment cycles, and supports seamless integration across CX, AI, cloud, and communication platforms.

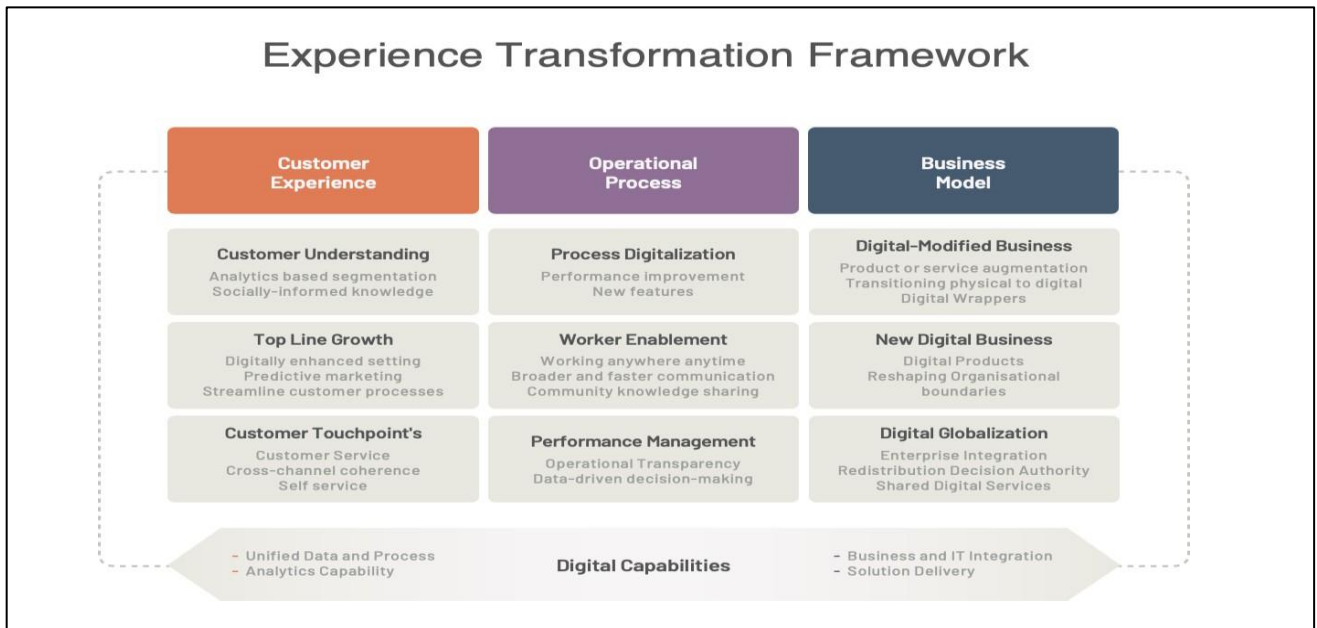
**Outlook & Valuation:** Exato Technologies presents a compelling growth story, strategically positioned in the high-growth AI, CX, and automation segments, utilizing proprietary accelerators and strong partnerships (NICE, Mitel, Acumatica). The scalable business model, with nearly 80% of revenues from long-term recurring contracts, ensures strong stability and visibility. Its diversified sector presence and expanding global footprint in the USA and Singapore reduce risk and unlock high-margin opportunities. Management anticipates revenue growth will significantly outperform the industry CAGR of 18-20%, conservatively expecting to roughly double the H2 FY26 top-line and bottom-line figures for the full FY26. **At the upper band of INR 140, the issue is favorably valued at a P/E ratio of 9.70x (based on FY26 EPS of INR 14.43), positioning the company for sustained, profitable, and structurally resilient growth over the medium to long term. We maintain a Positive view for this issue.**

**Financial Information**

Particulars (INR Mn.)	FY23	FY24	FY25
Revenue	728	1139	1242
Growth Rate YoY %	73.56%	56.55%	9.06%
EBITDA	61	91	160
EBITDA %	8.41%	7.96%	12.84%
PAT	51	53	97
PAT Margin %	6.95%	4.66%	7.85%

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**Exhibit 1 : Experience Transformation**



**Exhibit 2 : Services offered by Exato**



**Exhibit 3 : Business Model**

Business Model	FY25		FY24		FY23	
	Revenue from Operations (in INR lakhs)	(in %)	Revenue from Operations (in INR lakhs)	(in %)	Revenue from Operations (in INR lakhs)	(in %)
Annual Recurring Revenue (ARR)	7,057.08	57%	5,478.52	48%	3,468.24	48%
Perpetual SW/HW Income	5,365.87	43%	5,912.21	52%	3,808.03	52%
Total	12,422.95	100%	11,390.73	100%	7,276.27	100%

## Management Meeting KTAs

**Guidance:** Company anticipates its revenue growth will significantly outperform the industry CAGR of 18-20%, driven by international expansion and the shift to higher-margin business. Management conservatively expects to roughly double the H1 FY26 top-line and bottom-line figures for the full financial year 2026.

**Consulting-Led Hybrid Model:** The company as a "Mckenzie at the front and TCS at the back end," emphasizing a consulting-first approach coupled with a robust services delivery factory and product partnerships. This model is crucial for securing large, complex international deals.

**Strong Domain Expertise:** Company leverages a management team with cumulative experience exceeding 200 years focused exclusively on the customer experience domain. This deep specialization prepares them to mitigate challenges arising from rapidly changing technologies, such as agentic AI adoption.

**Proprietary IP Development (Exato IQ):** Capitalizing on market gaps identified through consulting, the company is prioritizing investment (partially funded by IPO proceeds) in three key IP areas: a cost-effective CCaaS/CPaaS platform aimed at the SME market, a compliance product for regulated industries (e.g., mutual funds/RBI guidelines), and user access management solutions for large banks.

**Strategic Shift to Recurring Revenue (ARR):** The business model is transitioning from one-time deals to a sustainable cloud and subscription framework, significantly improving long-term service value and profitability. The current ARR stands at 100 Cr. YoY, with the recurring share of revenue steadily increasing.

**Order book:** The current confirmed order book totals 515 Cr., with ~350 cr pending execution over the next 3 to 4 years. Crucially, 90% of the entire order book consists of non-cancellable orders, providing high certainty of future revenue recognition.

**Margin:** The recent significant expansion in PAT margin (rising from 7.85% in FY25 to 10.22% in H1 FY26) is directly attributed to the increased contribution of higher-margin services and the transition to cloud/subscription models. Management asserts that this margin improvement trend is sustainable and expected to increase further.

**Segmental Margin Mix:** The core Customer Experience and Analytics segment operates at significantly higher segment margins (25-30%) compared to the Unified Communication/Infrastructure business (10-15%), driving overall profitability as CX focus increases.

**Aggressive International Expansion Targets:** Exato is strategically focused on expanding its geographical footprint in high-value, high-margin international markets, specifically the US and UK. Management aims to increase international revenue contribution from the current 24% to 50-60% within the next two years.

**Cross-Selling Through New Verticals:** The company is expanding its portfolio through strategic partnerships, such as with the cloud-based ERP provider Acumatica, to create additional revenue streams and enhance cross-selling opportunities across its expanding base of over 150 enterprise customers.

**Global Delivery Model to Optimize Cost:** The strategy is to establish sales bases in high-value regions (US, UK, Singapore) while maintaining a delivery base primarily in India (and expanding to Pune) to ensure cost-effective service delivery and maximize profitability from international contracts.

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**Stock Rating Scale****Absolute Return**

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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