Sigma Solve: Five-Pillar Analysis

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Companion to the Sigma Solve investment report (52/100, Neutral). This piece grades the business against the five-pillar engine: Sunrise, Leadership, Moat, Iron Fortress, and Free Cash Flow.

Reference price: Rs 40.77 (NSE close, November 5, 2026). One pass, three partial, one fail.

Grades at a glance

Pillar	Grade
Sunrise (real demand, flat sales)	PARTIAL
Leadership	PARTIAL
Moat (referrals and rented badges)	FAIL
Iron Fortress (debt free, treasury heavy)	PASS
Free Cash Flow	PARTIAL

Overall fit verdict: one pass, three partial, one fail. Sigma Solve pairs a debt free fortress (net worth Rs 77.07 cr, borrowings of Rs 2.01 cr, zero pledging) with a failed moat (referral relationships and rented platform badges) and three partials stalled on disclosure: a real demand pool with flat sales, family leadership that does not explain its numbers, and cash flow mixed with treasury movements. Full investment report score: **52/100, Neutral**.

Pillar 1: Sunrise, PARTIAL

GRADE: PARTIAL

- Demand pool is real: US mid-market digital transformation, cloud migration, data engineering and AI adoption are multi year spends, and Sigma Solve compounded sales at 35% over five years to Rs 95.62 cr in FY26
- The company now sells into the AI wave directly, with document AI, knowledge copilots and agentic workflow accelerators for logistics, healthcare, fintech and manufacturing
- Against that, the sunrise has stopped rising for this company on current evidence: H1 FY27 sales grew 0.4% year on year and Q2 FY27 sales fell 8.5%
- The same service lines that ride the wave, staff augmentation, web and app builds, testing and digital marketing, are the ones AI coding tools compress first
- No AI revenue, order book or recurring revenue is disclosed, so the AI claim cannot be graded as more than positioning

The demand is there and the company is pointed at it, but a pillar that grades the rising sun must mark down a business whose sales have been flat for four straight quarters while it tells an AI growth story it does not quantify: PARTIAL.

Pillar 2: Leadership, PARTIAL

GRADE: PARTIAL

- Delivery record on operations is real: sales from Rs 41 cr in FY22 to Rs 96 cr in FY26, operating margin held between 30% and 41%, a Pune centre opened in September 2025, and the US subsidiary made wholly owned in October 2023
- Register discipline is clean: promoters at 73.21% flat for years, pledging at 0.00% in every quarter, no dilutive raise since the Rs 4.95 cr IPO of 2020
- Against that, the board is the family: Prakash Ratilal Parikh as Chairman and Managing Director (20.80%), Kalpana Parikh as Whole-time Director (20.78%), the Zaverchand promoters at 15.81% each, and the son joining as Executive Director in June 2025
- For three listed years the US profit engine was partly owned outside the listco, and minority interest of Rs 16 cr sat on the March 2023 balance sheet before the FY24 buyout fixed it
- Disclosure is the standing deduction: no earnings call since February 2024, no segment or geography split, no explanation of the Rs 8.97 cr other income quarter, and Rs 31.57 lakh of IPO proceeds still unutilised after six years

Leaders who built a profitable business and keep an honest register, and who have not yet accepted the disclosure duties of the mainboard they migrated to in 2023: PARTIAL.

Pillar 3: Moat, FAIL

GRADE: FAIL

- The claimed defences are relationships and referrals: over 80% of revenue from referrals and partner introductions (company FAQ), 378 plus clients claimed, retention above 90% claimed
- Platform badges are real but rented: nopCommerce Gold Partner and Shopify Plus Partner, Microsoft, Snowflake, Salesforce and AWS partner status as company claims, all available to any competent rival on the same terms
- There is no proprietary product of scale: the plugin catalogue for Magento, nopCommerce, PrestaShop and WordPress is immaterial, and the AI accelerators are described in marketing, not in revenue
- Nothing stops a client from moving a project: no long term contracts, order book, switching cost or recurring revenue figure is disclosed anywhere
- The financial fingerprint agrees: operating margin compressed from 41% in FY23 to 30% in FY26, which is what pricing power looks like when it is not there

A good reputation in a business where reputation is the only asset and every rival can rent the same platform badges is not a moat this engine can grade above FAIL. The business is well run; it is not defended.

Pillar 4: Iron Fortress, PASS

GRADE: PASS

- Net worth is Rs 77.07 cr at March 2026 against borrowings of Rs 2.01 cr, a debt to equity ratio of about 0.03
- Investments of Rs 39 cr and a history of positive operating cash flow every year from FY21 to FY26 sit behind the equity
- Promoter pledging is 0.00%, interest cost is negligible, depreciation of about Rs 1 cr a year confirms an asset light model with no capex trap
- The auditor, Mistry and Shah LLP, is reappointed and unqualified in the extracts reviewed, and there is no fund raise, guarantee web or pledging on the record
- The reservation is composition, not solvency: about half of net worth sits in an investments book whose movements now drive reported profit, and debtor days reached 100 in FY25 before improving to 70 in FY26

A fortress with thick walls and a treasury room that needs its own audit trail: PASS, with the investments schedule as the disclosure this pillar asks for next.

Pillar 5: Free Cash Flow, PARTIAL

GRADE: PARTIAL

- Operating cash flow was Rs 16 cr in FY22, Rs 20 cr in FY23, Rs 7 cr in FY24, Rs 17 cr in FY25 and Rs 30 cr in FY26, positive in every year of the record
- Cash conversion in FY26 was strong on its face, with operating cash flow at 130% of operating profit
- Against that, the cash flow statement is dominated by treasury movements: investing flow swung from minus Rs 31 cr in FY23 to plus Rs 36 cr in FY24 as the investments book was built and liquidated around the US subsidiary buyout
- Reported free cash flow therefore mixes services cash with investment gains and sales, and the FY26 figure includes the other income stream that spiked in Q1 FY27
- The dividend is declared every year at Rs 0.50 a share, but the FY26 total outflow is unresolved between sources after the split, so the cash return to shareholders cannot be graded precisely

Cash is genuinely generated and genuinely hard to separate from the treasury's contribution, and a pillar that grades delivered cash cannot pass what it cannot split: PARTIAL.

Summary

- **Pillar 1. Sunrise:** PARTIAL, a real US digital and AI demand pool and 35% five year sales compounding, against four flat quarters and an unquantified AI claim
- **Pillar 2. Leadership:** PARTIAL, operational delivery and a clean, unpledged 73.21% register, against a family board, a fixed but recent minority leakage history, and SME grade disclosure on a mainboard listing
- **Pillar 3. Moat:** FAIL, referral relationships and rented platform badges, no product of scale, no disclosed contracts or switching costs, and margins compressing from 41% to 30%
- **Pillar 4. Iron Fortress:** PASS, net worth of Rs 77.07 cr, borrowings of Rs 2.01 cr, investments of Rs 39 cr, zero pledging and positive operating cash flow every year
- **Pillar 5. Free Cash Flow:** PARTIAL, operating cash flow of Rs 30 cr in FY26 and positive every year, against treasury dominated investing flows that make clean services free cash flow impossible to isolate

One of five pass, and the pattern is a profitable boutique with a fortress balance sheet and no defences around the profit itself. The fortress passes because the family never borrowed against the business. The moat fails because nothing but habit and referrals stands between Sigma Solve and any rival with the same platform badges, and free cash flow and leadership both stall on the same root cause as the investment report's Neutral verdict: the numbers are produced, but they are not explained. A company that published its investments schedule, its geography split and the nature of its biggest ever profit item would grade a full pillar higher on at least two of these five.

What changes the grade: Sunrise upgrades if sales growth returns to double digits for two straight years with AI revenue disclosed, and downgrades if FY27 sales fall outright. Leadership upgrades on a return to earnings calls and an explained Q1 FY27, and downgrades on any new related party venture or pledging. Moat upgrades only on disclosed recurring revenue or multi year contracts. Iron Fortress downgrades if borrowings rise above Rs 15 cr or debtor days return above 100. Free Cash Flow upgrades on a year of Rs 20 cr plus operating cash flow with other income below 10% of profit, and downgrades on a negative year.

Sources

- Company filings via BSE and NSE: Q1 FY27 and Q2 FY27 results (Q2 filed November 3, 2026), statement of deviation on IPO proceeds, September 2026 shareholding pattern
- Screener.in consolidated pages for SIGMA (financials, cash flow, shareholding, pledging) and peer pages, November 5, 2026
- MCA extracts via TheCompanyCheck (net worth, borrowings); company site and FAQ (services, partnerships as company claims, referral share)
- Full source list in the companion investment report.