

SecureKloud Technologies Limited

March 20, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	15.93 (Reduced from 17.12)	CARE D	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of SecureKloud Technologies Limited (SecureKloud) factor in the delays in debt servicing.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Satisfactory track record of timely repayment and servicing of debt obligation for a continuous period of 90 days.
- Improvement in liquidity position
- Resolution of governance related issues and strengthening of the corporate governance architecture in the company and management

Analytical approach: Consolidated

SecureKloud and its subsidiaries are under the common management and engaged in similar line of business. The list of subsidiaries is mentioned in Annexure 6.

Detailed description of the key rating drivers

Key weaknesses

Delay in debt servicing

There are instances of delays in debt servicing of its term loans owing to delay in collections.

Moderation in scale of operation and continued operating losses

The company's scale of operations decreased from Rs. 460.12 crores in FY23 to Rs. 340.86 crores in FY24, and further to Rs. 131.71 crores in the first nine months of FY25, following the loss of a key customer in FY24. The company has been incurring losses at operational level due to increased R&D spending over the past few years for the platform business. The revenue from this R&D activity has been not as envisaged due to the low acceptance of the platform model in the healthcare segment leading to continued operating losses. Company has reported PBILDT losses of around Rs. 81.46 crores in FY22 and Rs. 69.48 crores in FY23. However, with the rationalization of R&D and reduction in discretionary spends, the operational losses have narrowed down to Rs. 26.58 crores in FY24. Despite cutting employee costs in FY24, the company's modest scale has led to low employee utilization, and high employee costs continue to impact profitability.

Modest financial risk profile marked by negative tangible net worth

The company's tangible net-worth has seen an erosion after the write-off ₹ 624.95 crore of capitalised internally developed software in FY20. Due to continuous operating losses, the tangible net-worth continued to remain negative. The company has a total debt of ₹ 120.70 crore as on March 31, 2024, out of which ₹ 31.38 crore is in the form of unsecured loans from related parties.

The company, through its step-down subsidiary, has raised funds through a Private Investment in Public Equity (PIPE) offering of around Rs. 131 Cr (USD 15.2 mn), out of which the company has received around Rs. 11.3 Cr (USD 1.3 mn) which pertains to delayed receivables from the subsidiary. This is expected to be utilised towards repayment of debt and working capital requirements.

Geographical concentration

The company caters to USA market primarily. Around 98% of the consolidated revenue is from the USA for the past few years. This high dependence on USA for revenue exposes the company to geographical concentration risk especially with higher employee costs.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Presence in highly competitive industry

The company has a relatively moderate scale of operations in a highly competitive industry which would restrict the company's bargaining power with high value clients. It faces competition from IT giants and other small-scale players. The company is also exposed to risks of regulatory framework and immigration policy changes in USA. All the above would put pressure on the margins of the company.

Impact of SEBI Order and governance issues

Pursuant to receipt of certain complaints alleging inter-alia financial misreporting/ irregularities by promoters and management of the Company and the resignation of the Company's statutory auditor, viz. Deloitte Haskins and Sells citing various corporate governance issues including fraud relating to irregularities and inconsistencies in financial statements and books of accounts of the Company, SEBI had initiated an investigation and Grant Thornton was appointed as forensic auditor. In this regard, SEBI has issued a final order with directives and penalties for the company and its officials. In SEBI order dated Dec 16, 2022, Mr. Suresh Venkatachari, Mr. R S Ramani and Mr. Gurumurthy Jayaraman were prohibited from being associated with the securities market in any manner, including as a director or Key Managerial Personnel in a listed company or an intermediary registered with SEBI, for a period of one year, from the date of coming into force of the direction. Following this order, the promoter Mr. Suresh Venkatachari stepped down as chairman of the company with effect from January 19, 2023. The company had sought appeal against this order in SAT, however, no order has been passed. Subsequently after the lapse of the restriction period stipulated by SEBI, Mr. Suresh Venkatachari was appointed as Chairman & CEO.

Key strengths

Domain and Industry expertise coupled with tie-ups with public cloud enterprises

SecureKloud is focussed on cloud transformation and data pipeline management services. Since its inception, the company has developed in-house patented softwares such as CloudEz platform and has continued to develop technology platforms like DataEz, readbl.ai, blockedge.io and CloudAuth etc. Furthermore, the company has also tied up as a service partner with public cloud system providers such as AWS, Azure, Google Cloud Services, IBM Smart Cloud and VMWare. Being in a highly regulated vertical like healthcare, SecureKloud also has expertise and has been certified in regulatory compliances such as HIPAA (Health Insurance Portability and Accountability Act), HITRUST and GxP.

Liquidity: Poor

The liquidity of the company remained poor with negative cash accruals at consolidated level. The company has a consolidated cash and bank balance of Rs. 0.41 Cr as on September 30, 2024. The average working capital utilisation stands high at around 99.9% for the past 12 months ended December 2024. Further, there are delay in servicing of the term debts.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Information Technology	Information Technology	IT - Services	IT Enabled Services

SecureKloud Technologies Limited (SecureKloud) was originally promoted as 8K Miles Software Services Limited by Mr Venkatachari Suresh, Mr R. S. Ramani and Mr M. V Bhaskar in the year 2008. The company provides software services (strategic advisory, implementation, and development services), managed services and support (post implementation support and cloud hosting services) and platform services (solutions delivery model). The company has technological partnerships with Amazon Web Services, Microsoft Azure, IBM, Google Cloud Platform and CA Technologies. They are one of the preferred managed service partners for Amazon Web Services.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9M FY25 (UA)
Total operating income	460.12	340.86	131.71
PBILDT	-69.48	-26.58	-18.36
PAT	-98.76	-95.82	-33.73
Overall gearing (times)	NM	NM	NM
Interest coverage (times)	NM	NM	NM

A: Audited; UA: Unaudited; NM: Not Meaningful; Note: 'the above results are latest financial results available'.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	15.00	CARE D
Fund-based - LT-Term Loan		-	-	February 2027	0.93	CARE D

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	15.00	CARE D	1)CARE D (08-Jul-24)	1)CARE C; Stable (30-Jan-24)	1)CARE C; Stable (23-Jan-23)	1)CARE C; Stable (15-Dec-21)
2	Fund-based - LT-Term Loan	LT	0.93	CARE D	1)CARE D (08-Jul-24)	1)CARE C; Stable (30-Jan-24)	1)CARE C; Stable (23-Jan-23)	1)CARE C; Stable (15-Dec-21)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	SecureKloud Technologies Inc., USA	Full	Subsidiary
2	Blockedge Technologies Inc., USA	Full	Subsidiary
3	Healthcare Triangle Private Limited, India	Full	Subsidiary
4	Healthcare Triangle Inc., USA	Full	Subsidiary
5	Devcool Inc., USA	Full	Subsidiary
6	SecureKloud Technologies Inc., Canada	Full	Subsidiary

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Sandeep P Director CARE Ratings Limited Phone: +91-44-2850 1002 E-mail: sandeep.prem@careedge.in</p> <p>Ratheesh Kumar Associate Director CARE Ratings Limited Phone: +91-44-2850 1020 E-mail: ratheesh.kumar@careedge.in</p> <p>Mathew Jacob Assistant Director CARE Ratings Limited E-mail: Mathew.jacob@careedge.in</p>
--	--

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,
please visit www.careedge.in**