

Softtech Engineers Limited

July 29, 2025

Facilities/Instruments	Amount (₹ crore)	Ratings ¹	Rating Action
Long-term bank facilities	3.81 (Reduced from 4.35)	CARE BBB-; Stable	Reaffirmed
Long-term / Short-term bank facilities	28.00 (Enhanced from 12.00)	CARE BBB-; Stable / CARE A3	Reaffirmed
Short-term bank facilities	12.00 (Enhanced from 11.68)	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Softtech Engineers Limited (SEL) continue to derive strength from its long track of operations in the industry and experienced management and reputed customer base. Ratings further derive comfort from healthy profitability, comfortable capital structure, satisfactory debt coverage indicators and adequate liquidity position.

However, rating strengths continue to remain constrained considering SEL's moderate order book position, modest scale of operations, working capital intensive nature of operations emanating from high collection cycle and sizeable portion of unbilled revenues and exposure to tender-driven process and dependence on government spending.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in total operating income (TOI) above ₹135 crore and improvement in gross cash accruals (GCA) and return on capital employed (ROCE).
- Improvement in the liquidity profile led by healthy cash flows from operations, with collection period (including unbilled revenues) of less than 130 days.

Negative factors

- Sustained decline in revenue below ₹45 crore and profit before interest, lease rentals, depreciation and taxation (PBILDT) margins below 25%.
- Deterioration in overall gearing above 0.60x and total debt to gross cash accruals (TD/GCA) above 3.50x on a sustained basis.
- Inability of the company to improve collection period (including unbilled revenue) below 375 days.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has considered consolidated financials of SEL. Consolidated approach factors in investments by SEL in its subsidiaries and significant management, operational and financial linkages between SEL and its subsidiaries and step-down subsidiaries. Subsidiaries consolidated are listed under Annexure-6.

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation that the company shall sustain its financial risk profile in the medium term.

Detailed description of key rating drivers:

Key strengths

Long track record of operations and experienced management

SEL has an established track record of over two decades in the industry and is promoted by Vijay Gupta, who has over three decades of experience in developing complex building information modelling (BIM) / computer-aided design (CAD) / project management enterprise software within the architecture, engineering and construction (AEC) domain. He is ably supported by Priti Gupta, who oversees the human resources and administration department having an experience of over a decade. The board of directors play a crucial role in SEL's decision-making and management processes. The company's long-standing presence in the industry, combined with extensive experience of its promoters, benefits SEL in acquiring new clients and ensuring smooth operations.

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

Reputed client base; despite concentration on government departments

With over two decades of operations in the industry, SEL's promoters have developed long-standing and established relationships with its reputed clientele, leading to repeat orders. SEL has a customer base of over 75 clients, based in geographically diverse locations, majorly in India and has also executed orders in some parts of Nigeria, the UAE and Oman. Major customers include government departments, Municipal Corporations, Urban local bodies, Public Works Departments (PWD), among others. The company is also a software partner to the governments across India under various schemes. However, the customer base remains concentrated with the top five clients contributing to ~40% of TOI in FY25 (refers April 01 to March 31). Counterparty risk is partially mitigated by association with reputed clientele.

Healthy profitability margins

In FY25, the PBILDT margin continued to remain healthy but declined to 23.38% (PY: 27.81%) owing to higher employee costs and provision for expected credit loss (ECL). The profit after tax (PAT) margin also declined in line with the PBILDT margin to 1.40% in FY25 (PY: 4.22%). Profitability is expected to improve in the medium term.

Comfortable capital structure and moderate debt coverage indicators

As on March 31, 2025, SEL's capital structure improved and continued to remain comfortable with an overall gearing of 0.25x (PY: 0.31x) owing to improvement in net worth base with inflow of ~₹40 crore via preferential issue of shares. In the absence of major debt funded capex, capital structure is expected to remain comfortable in the medium term.

Debt coverage indicators continued to remain moderate with TD/GCA and interest coverage of 2.43x and 4.54x respectively in FY25 (PY: 2.40x and 4.66x respectively).

Key weaknesses

Moderate order book position

As on March 31, 2025, SEL has an outstanding orderbook of ₹152.04 crore, translating into an orderbook to TOI of 1.60x of FY25. This indicates revenue visibility in the short term. However, top five orders accounted for ~70% of the outstanding orderbook, reflecting concentration risk. Majority orders are from government authorities, increasing the risk of timely collection of receivables.

Modest scale of operations

SEL's scale of operations reflect a growing trend for five years ended FY25, with growth largely driven by government-spending activities. TOI increased by ~21% to ₹95.25 crore in FY25 (PY: ₹78.78 crore) driven by higher inflow and execution of orders. Despite the long track record of operations, SEL's scale of operation remained modest, which limits its financial flexibility to meet exigency.

Working capital intensive nature of operations

The company's operations remain working capital intensive in nature emanating from high collection cycle and sizeable portion of unbilled revenues. The operating cycle improved in FY25, however, it remained high at 284 days (PY: 350 days). SEL derives a major proportion of its revenues from government contracts, where the collection period is high due to delay in validation, quality checks and approval of invoices by customers. Furthermore, the billing schedules agreed with customers include periodic performance-based payments or milestone-based progress payments, leading to unbilled portions of revenue. Although average collection period improved in FY25, it remained high at 357 days (PY: 401 days). Timely realisation of receivables is critical from credit perspective.

Exposure to tender-driven process and high dependence on government spending

The company primarily caters to orders received from government entities and other government establishments. The high reliance on government contracts makes the company susceptible to changes in the government policies, regarding awarding tenders to contractors. SEL has to participate in tenders floated by government agencies, which can sometimes be lengthy. Moreover, the company depends on government spending for the total capital expenditure outlined in the annual union budget.

Liquidity: Adequate

SEL's liquidity position remains adequate, characterised by sufficient cushion in accruals of ~₹18-20 crore against annual repayment obligations of ~₹3-5 crore over FY26-FY28. As on March 31, 2025, the company also has a free cash and bank balance of ₹36.93 crore. Average maximum utilisation of fund-based limits and non-fund-based limits stood at ~80% and 65% respectively for 12 months ended May 31, 2025. Cash flow from operations stood at ~₹23 crore in FY25.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

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

Softtech Engineers Private Limited was incorporated in 1996 by Vijay Gupta, which was reconstituted as a public limited company under the name SEL in May 2018, with its shares initially listed on the NSE SME platform. The company later migrated to the main board of NSE and BSE, on February 25, 2022. SEL is an information technology and software services company, delivering end-to-end solutions in AEC space. Its clientele includes government bodies, municipalities, property developers, contractors, architects, among others. SEL currently has a portfolio of seven products including CivitPERMIT, CivitINFRA, CivitPLAN-CAD, CivitPLAN-BIM, CivitSUSTAIN, CivitBUILD and Rulebuddy. These products cover the entire value chain of the construction industry, from pre-construction to construction and eventually post-construction stages.

Brief Financials (₹ crore) - Consolidated	March 31, 2024 (A)	March 31, 2025 (Abridged)
Total operating income	78.78	95.25
PBILDT	21.90	22.27
PAT	3.32	1.33
Overall gearing (times)	0.31	0.25
Interest coverage (times)	4.66	4.54

A: Audited; Note: these are latest available financial results

Brief Financials (₹ crore) - Standalone	March 31, 2024 (A)	March 31, 2025 (Abridged)
Total operating income	78.61	93.36
PBILDT	25.25	25.13
PAT	6.97	4.14
Overall gearing (times)	0.29	0.23
Interest coverage (times)	5.40	5.12

A: Audited; Note: these are latest available financial results

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		-	-	-	3.00	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	August 31, 2026	0.81	CARE BBB-; Stable
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	28.00	CARE BBB-; Stable / CARE A3
Non-fund-based - ST-Bank Guarantee		-	-	-	12.00	CARE A3

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 2025-2026	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
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	28.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (07-Oct-24)	1)CARE BBB-; Stable / CARE A3 (13-Nov-23)	1)CARE BBB-; Stable / CARE A3 (06-Oct-22)
2	Non-fund-based - ST-Bank Guarantee	ST	12.00	CARE A3	-	1)CARE A3 (07-Oct-24)	1)CARE A3 (13-Nov-23)	1)CARE A3 (06-Oct-22)
3	Fund-based - LT-Term Loan	LT	0.81	CARE BBB-; Stable	-	1)CARE BBB-; Stable (07-Oct-24)	1)CARE BBB-; Stable (13-Nov-23)	1)CARE BBB-; Stable (06-Oct-22)
4	Fund-based - LT-Cash Credit	LT	3.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (07-Oct-24)	1)CARE BBB-; Stable (13-Nov-23)	1)CARE BBB-; Stable (06-Oct-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short 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
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
4	Non-fund-based - ST-Bank Guarantee	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	SoftTech Finland OY	Full	Wholly owned subsidiary
2	SoftTech Engineers Inc.	Full	Subsidiary
3	AmpliNxt Private Limited	Full	Wholly owned subsidiary
4	SoftTech Digital Pte. Ltd	Full	Wholly owned subsidiary
5	SoftTech Digital Solutions Limited	Full	Wholly owned subsidiary
6	Envee Information Technology Pvt Ltd	Full	Subsidiary
7	SoftTech Government Solutions Inc.	Full	Step-down subsidiary
8	SoftTech Digital Software LLC	Full	Step-down subsidiary

Note on complexity levels of rated instruments: CareEdge 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.

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