

## Inspirisys Solutions Limited

August 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	2.00 (Reduced from 5.00)	CARE BBB; Stable	Reaffirmed
Long-term / Short-term bank facilities	18.00 (Reduced from 25.00)	CARE BBB; Stable / CARE A3+	Reaffirmed
Short-term bank facilities	2.60	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to bank facilities of Inspirisys Solutions Limited (ISL) factor in the company's established track record in the IT infrastructure and services domain, diversified clientele, the healthy liquidity profile marked by free cash and liquid investments, and minimal utilisation of working capital limits. However, ratings are constrained by volatility in earnings and presence in competitive IT industry, which limits pricing flexibility amid rising costs and wage inflation.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improving profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 12.00%.
- Improving average collection to about three months.

#### Negative factors

- Withdrawal in support extended by parent, CAC Holding Corporation (CAC).
- Increasing investment or exposure to loss-making subsidiaries with gearing adjusting for exposure to subsidiaries exceeding 1.5x.

### Analytical approach: Standalone

#### Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that ISL shall sustain its performance in the medium term benefiting from long track record of operations and established relationships with its customers.

### Detailed description of key rating drivers:

#### Key strengths

#### Integrated business segments and strong client relationship with established track record

ISL continues to be an established IT infrastructure solutions and service provider with nearly three decades of experience and nationwide geographic presence backed by nine regional offices, three development centres, and over 100 direct service locations. ISL has established strong relationships with technology vendors and customers. ISL's revenues are broadly classified in three different verticals, Services (Infrastructure solutions, Software development, Product Engineering Development, Security, Cloud) (76%), System Integration (Product and Hardware) (22%), and Warranty Management Services (WMS) (~2%). These three verticals are seamlessly integrated, enabling efficient service delivery. The company's clientele is diversified across BFSI (48%), manufacturing (16%), PSU (9%), and others (27%) in FY25.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Strong parentage from CAC**

CAC, Tokyo-based IT service provider, holds 69.95% stake in ISL. CAC extended corporate guarantee for the working capital limits it availed from Japanese Banks. Two representatives of CAC are on the board of ISL. CAC has also been extending the line of support in the form of corporate guarantee and unsecured loans to the subsidiaries of ISL as well. Unsecured loan extended by CAC at to subsidiaries of ISL stood at ₹79.40 crore as on March 31, 2025. CAC has infused additional equity of ₹26.28 crore and ₹30.54 crore in FY19 and FY20 crore, respectively, into ISL, subsequent to its acquisition of the company in 2014.

**Comfortable leverage position and debt coverage indicators**

The company's financial risk profile remains healthy as reflected by overall gearing of 0.04x as on March 31, 2025 (PY: 0.44x). The improvement in overall gearing is majorly due to repayment of the unsecured loan from its parent, CAC corporation, to the tune of ₹41.48 crore and nil term debt except minimal vehicle loans. In FY25, the company collected the long-standing receivable of ₹40.49 crore from its wholly owned subsidiary, Inspirisys Solutions North America Inc. (ISNA). Debt coverage indicators also stood comfortable as marked by comfortable PBILDT interest coverage of 4.27x in FY25 (PY: 5.1x) and total debt to gross cash accruals (TD/GCA) of 0.24x in FY25 (PY: 1.73x).

**Key weaknesses****Significant exposure to the tender-based nature of the system integration business leads to revenue volatility**

The SI segment includes the sale of servers, IT and network-related products, and software, with revenue largely dependent on customer-issued tenders aligned to their IT demand cycles and spending patterns. Revenue recognition varies based on project scope and complexity, as control is transferred at different stages. In FY25, SI revenue declined sharply to ₹86.69 crore, compared to ₹207.02 crore in FY24 and ₹114.30 crore in FY23. In FY24, ISL secured a large contract worth ~₹186 crore, of which ~₹98 crore related to the SI segment has been completed in FY24, while the remainder, tied to services, will accrue over the next four years. This fluctuation underscores the segment's reliance on tender-based contracts and variable customer demand.

**Highly competitive IT industry**

Segments in which the company operates such as system integration and ITES are highly competitive with major established players and other small-scale players. This can affect the company's pricing flexibility, limiting its ability to improve its margin on a sustainable basis. Additionally, wage inflation, recruitment costs due to employee attrition levels, global economic concerns continue to pressure operating margins.

**Industry prospects**

Indian IT hardware's market size is estimated at US\$ 21.17 billion in 2025, and is expected to reach US\$ 29.84 billion by 2030, growing at a compound annual growth rate (CAGR) of 7.10% in 2025-2030. The public sector's increasing digitisation is a significant driver for the IT hardware market. Local governments recognised benefits of digital technologies and are implementing initiatives to enhance their service delivery, improve efficiency, and provide better citizen-centric solutions. Hardware for servers and data centres is in greater demand as companies strive to improve their digital capabilities.

**Liquidity: Adequate**

ISL generated GCA worth ₹21.28 crore and maintained unencumbered cash bank balance of ₹23.76 crore and liquid investments of ₹43.78 crore as on March 31, 2025. The company does not have major term loan repayment commitments except for a few vehicle loan repayments worth ₹0.10 crore and lease payments of ₹2.13 crore in FY26. Average working capital cycle improved in FY25 to 59 days (PY: 62 days). The working capital utilisation remained moderate at 21.33% for the 12 months ended May 2025.

## Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Services Sector](#)

## About the company and industry

### Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Information Technology	Information Technology	IT - Services	IT-enabled Services

Incorporated in 1995, headquartered in Chennai, ISL is engaged in providing IT and IT-enabled services (ITES). The company offers its product offerings under three segments, System Integration (SI), IT Services, and Warranty Management Services (WMS), which includes installation and commissioning of hardware projects, service and maintenance of hardware/software infrastructure of customers and warranty solutions for imported and indigenous equipment where original equipment manufacturers (OEMs) do not have geographical presence in India. In January 2014, CAC acquired 51% stake in ISL through share purchase from promoters and open offer and currently holds 69.95% of ISL's shares.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	356.89	478.36	378.42
PBILDT	32.43	38.18	24.32
PAT	17.96	21.60	26.08
Overall gearing (times)	0.55	0.44	0.04
Interest coverage (times)	4.99	5.10	4.27

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		-	-	-	2.00	CARE BBB; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	18.00	CARE BBB; Stable / CARE A3+
Non-fund-based - ST-BG/LC		-	-	-	2.60	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	Non-fund-based - ST-BG/LC	ST	2.60	CARE A3+	-	1)CARE A3+ (02-Aug-24)	1)CARE A3+ (06-Oct-23)	1)CARE A3 (07-Oct-22)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	18.00	CARE BBB; Stable / CARE A3+	-	1)CARE BBB; Stable / CARE A3+ (02-Aug-24)	1)CARE BBB; Stable / CARE A3+ (06-Oct-23)	1)CARE BBB-; Stable / CARE A3 (07-Oct-22)
3	Fund-based - LT-Cash Credit	LT	2.00	CARE BBB; Stable	-	1)CARE BBB; Stable (02-Aug-24)	1)CARE BBB; Stable (06-Oct-23)	1)CARE BBB-; Stable (07-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	Non-fund-based - LT/ ST-Bank Guarantee	Simple
3	Non-fund-based - ST-BG/LC	Simple

**Annexure-5: Lender details**

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

**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.

## Contact Us

<b>Media Contact</b>  Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>  <b>Relationship Contact</b>  Ankur Sachdeva Senior Director <b>CARE Ratings Limited</b> Phone: +91-22 6754 3444 E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a>	<b>Analytical Contacts</b>  Sandeep P Director <b>CARE Ratings Limited</b> Phone: +91-44 2850 1002 E-mail: <a href="mailto:sandeep.prem@careedge.in">sandeep.prem@careedge.in</a>  Ali Monish P E Assistant Director <b>CARE Ratings Limited</b> Phone: +91-44 2850 1021 E-mail: <a href="mailto:alimonish.p@careedge.in">alimonish.p@careedge.in</a>  Nitish Kumar Mahto Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Nitish.kumar@careedge.in">Nitish.kumar@careedge.in</a>
---	---

### About us:

Established in 1993, CareEdge 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 Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge 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, CareEdge 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. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: [www.careratings.com](http://www.careratings.com)

### Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). 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. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge 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. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge 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. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to [https://www.careratings.com/privacy\\_policy](https://www.careratings.com/privacy_policy)

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,  
please visit [www.careratings.com](http://www.careratings.com)**