

Saksoft Limited

September 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	12.00	CARE A; Stable	Reaffirmed
Short-term bank facilities	3.00	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Saksoft Limited (Saksoft) continue to derive strength from the promoter's extensive experience in software industry, focused presence in digital transformation space, and sustained revenue growth over the past few years across diversified industry verticals while sustaining its operating margins. Ratings continue to factor in the company's comfortable leverage and healthy liquidity position, integrated service capabilities/offerings, and strong relationships with its customers with history of repeat and regular business.

However, ratings are constrained by competitive and fragmented Information Technology (IT) industry, risks associated with geographic concentration, particularly considering slowing growth in key markets where the company operates, and high client concentration risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in the scale of operations above ₹1000 crore while successful integration of recent acquisitions.
- Maintaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins of over 20% on a sustained basis.
- Diversification in the customer base.

Negative factors

- Large debt funded acquisitions impacting the company's capital structure with gearing exceeding 0.5x.
- Sustained drop in profitability margins (PBILDT) below 12%.

Analytical approach: Consolidated

Considering Saksoft's significant financial and operational linkages with its subsidiaries, consolidated financials of Saksoft have been considered for analysis. The subsidiaries account for significant share of the company's income, and the business model entails a high amount of integration with subsidiaries. Details of subsidiaries provided in Annexure 6.

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes the company will continue to maintain its healthy financial risk profile, considering strong cash generation from operations.

Detailed description of key rating drivers

Key strengths

Focused digital transformation player

Saksoft is a niche technology specialist that provides a comprehensive suite of business transformation, information management, application development, artificial intelligence (AI) accelerators and testing services. Application development remains the company's primary focus and witnessed significant growth over last few years, largely driven by increased spending on digital transformation post-COVID. Although initial contracts are for one year, the company continues to support and manage the application through effective data mining, product improvements and migration, which ensures consistency in revenue and repeat business.

Presence in niche and diversified verticals with capabilities arising out of acquisitions

Saksoft, backed by its promoters' strong experience in the banking, financial services and insurance (BFSI) domain, started its services primarily aimed at BFSI clients and worked with leading global banks and financial institutions (FIs). Over the years, the

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

company has diversified its offerings across multiple verticals such as logistics, e-commerce, healthcare, hi-tech, media, telecom and the public sector. As of March 2025, Saksoft serves this broad range of industries through four main verticals including BFS, emerging verticals (which includes hi-tech, media and telecom sectors), logistics and digital commerce.

Over the years, the company has enhanced its capabilities through a series of acquisitions. In FY25, Saksoft acquired three companies including Augmento Labs Private Limited in June 2024, Ceptes Software Private Limited in October 2024, and Zetechno Products and Services Private Limited in January 2025 together for a total consideration of ₹164.5 crores. As of March 2025, the company has deferred earnout payments amounting to ₹118 crore related to acquisitions completed over last two years. Augmento Labs is a digital engineering company serving clients across India and the United States, while Ceptes Software is a Bengaluru-based Salesforce services partner. Zetechno specialises in ServiceNow solutions with strong capabilities in hyper-automation and IT service management. These acquisitions are expected to strengthen Saksoft's capabilities and expand its enterprise client base.

Sustained growth in scale of operations supported by inorganic growth measures; Stable margin profile

The company recorded a compound annual growth rate (CAGR) of 23% over last four years, reaching a total operating income (TOI) of ₹883 crore in FY25 from ₹386 crore in FY21. The global information technology (IT) industry has faced headwinds such as geopolitical tensions, economic slowdowns and rapid technological changes, particularly due to advancements in artificial intelligence (AI), which have impacted IT spending patterns. Despite these challenges, Saksoft has reported a year-on-year (y-o-y) revenue growth of ~16% in FY25, majorly driven by the inorganic expansions done in last two years. These acquisitions, now fully integrated in the Saksoft ecosystem, contributed incremental revenue of ~₹45 crore in FY24, ~₹115 crore in FY25 and ~₹52 crore in Q1FY26. Saksoft leveraged these acquisitions to cross-sell its products to new customers and increase the wallet share of existing clients, supporting overall topline growth. The company has also sustained its operating margins at a stable level of ~16-17% over the past few years. Key determinants in the margin are employee cost and third-party service costs. The company strikes a judicious combination of these two factors to ensure optimal utilisation, a proactive workforce pool for new projects and customers, and effective cost optimisation. Saksoft is gradually moving towards more offshoring for controlling employee costs. In last five years, the company increased its offshore mix from 53% in FY22 to 56% in FY25. PBILDT margin moderated marginally to 16.58% in FY25 (PY: 17.91%) due to one-time acquisition-related expenses and higher provisions but recovered in Q1FY26.

Comfortable capital structure and debt protection metrics

The company's capital structure continues to remain comfortable with overall gearing at 0.12x as of March 2025 (PY: 0.05x). In FY25, the company availed term loans of ~₹34 crore through its U.S. subsidiary to fund acquisitions done in FY24 and FY25. It secured an unsecured loan of ₹20 crore from its promoter company, Sak Industries Pvt Ltd. Debt coverage indicators remained healthy, with an interest coverage ratio of 17.23x, total debt/PBILDT at 0.52x, and total debt to gross cash accrual (TD/GCA) at 0.63x for FY25. The company has pending payment consideration of ₹118 crore as of March 2025 in connection with past acquisitions with ₹79 crore due in FY26 and rest in FY27. With healthy accruals and strong cash balance, liquidity remains adequate to meet these obligations.

Experienced promoters and well-qualified management team

Saksoft was founded by Aditya Krishna in 1999. Aditya Krishna, Chairman and Managing Director, Saksoft, holds an MBA from Northeastern University, Boston, United States, and has over 20 years of experience in the banking and financial services industry, having held senior positions at Chase Manhattan Bank, New York, and Citibank North America. Saksoft's day-to-day operations are overseen by experienced information technology professionals heading technologies and geographies, under a well-defined organisational structure.

Key weaknesses

Intense competition in a fragmented market and industry risk

Saksoft is a moderate-scale player in the information technology (IT) services industry, which is dominated by large multinational companies with significant financial resources. The industry faces intense competition due to low entry barriers and the presence of several small and regional players. Rapid technological changes also pose challenges, potentially leading to obsolescence of certain software and services. IT being a labour-intensive industry, availability and retention of skilled workforce, attrition levels and wage inflation remain key challenges.

Players in the industry are exposed to macroeconomic risks such as adverse changes in the United States laws related to outsourcing and immigration, which remain future challenges. In the Indian IT industry, the United States market contributes ~40% to total revenue, followed by Europe. In case of recession, IT spending in these regions may decline, exerting pressure on margins. As IT is a discretionary spend, cost reduction initiatives by clients may result in reduced IT budgets.

Concentration in the US and UK markets

Saksoft derived ~65% of its revenue from the United States and European Union in FY25 (PY: 66%). Revenue share from the Asia-Pacific region has increased, driven by global players setting up centres in India. Saksoft's contracts are also routed through Indian entities of the United States and United Kingdom-based clients. IT sector continues to face global challenges, particularly in the United States. Over last two years, geopolitical tensions and economic slowdown impacted growth prospects. Tariff uncertainties around outsourced services and rapid technological disruptions driven by artificial intelligence (AI) have further affected IT spending. These challenges have impacted growth rates and created a more competitive environment. Despite these headwinds, Saksoft could sustain the growth in FY25 and Q1FY26, supported by its focus on the mid-tier market, specialised service offerings and strategic inorganic growth measures undertaken over the past.

Since most revenue is denominated in the United States dollars or British pounds, the company is exposed to foreign exchange fluctuation risk. Margins and revenue are vulnerable to currency movements. Saksoft has hedging policies to mitigate this risk and hedges up to 50% of its receivables for the upcoming 12 months.

Concentration in client base, mitigated to a certain extent by strong relationships and reputed client base

In FY25, the top five clients contributed ~40% to total revenue, with higher contribution from the top two clients. This marks a moderation from 44-45% in earlier years, driven by addition of new clients and growth in smaller accounts. Strategic acquisitions have further diversified the client base. While the top 20 clients are expected to continue contributing up to 70% of total revenue, the company maintains a long tail of 60-70 smaller clients. Client concentration risk is partially mitigated by diversified engagements with key customers, long-standing relationships and effective cross-selling of complementary capabilities gained through acquisitions.

Liquidity: Strong

Saksoft provides a credit period of ~60-70 days for its customers aligned with industry benchmarks. The company's liquidity position is comfortable with strong GCA of ~₹119 crore in FY25 and cash bank balance of ₹197 crore as on March 31, 2025. The company has a working capital facility of ₹15 crore, which remained unutilised for last 12 months, and is maintained as a standby limit to meet emergency cash requirements.

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

Established in 1999 by Autar Krishna and his son Aditya Krishna, Saksoft Limited (Saksoft) specialises in providing business intelligence and information management solutions, primarily to mid-tier companies based in the United States and Europe. The company initially focused on serving banking, financial services and insurance (BFSI) sector and later expanded to emerging verticals such as hi-tech, media and utilities (HMU), followed by logistics and digital commerce.

Saksoft now offers associated services such as application development, artificial intelligence (AI) accelerators, testing and quality control, and solutions based on cloud, digital engineering, quality assurance and testing, data analytics, infrastructure security and business intelligence (BI). As on March 31, 2025, Saksoft had seven wholly owned subsidiaries and eight step-down subsidiaries across India, the United States, the United Kingdom and Singapore.

Brief Financials – Consolidated (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1 FY26 (UA)
Total operating income	761.63	883.16	249.07
PBILDT	136.39	146.40	45.83
PAT	96.17	108.80	32.35
Overall gearing (times)	0.05	0.12	NA
Interest coverage (times)	38.68	17.23	16.49

A: Audited UA: Unaudited; NA: Not available; Note: these 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		-	-	-	12.00	CARE A; Stable
Fund-based - ST-Bank Overdraft		-	-	-	3.00	CARE A1

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	Fund-based - LT-Cash Credit	LT	12.00	CARE A; Stable	-	1)CARE A; Stable (11-Nov-24)	1)CARE A; Stable (22-Nov-23)	1)CARE A; Stable (16-Sep-22)
2	Fund-based - ST-Bank Overdraft	ST	3.00	CARE A1	-	1)CARE A1 (11-Nov-24)	1)CARE A1 (22-Nov-23)	1)CARE A1 (16-Sep-22)

LT: Long term; ST: 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 - ST-Bank Overdraft	Simple

Annexure-5: Lender details

To view 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	Saksoft Inc	Full	Subsidiary
2	Augmento Labs Private Limited	Full	Subsidiary
3	Zetechno Products and Services Pvt Ltd	Full	Subsidiary
4	Ceptes Software Private Limited	Full	Subsidiary
5	Saksoft Pte Limited	Full	Subsidiary
6	Saksoft Solutions Limited	Full	Subsidiary
7	DreamOrbit Inc	Full	Subsidiary
8	Acuma Solutions Limited	Full	Stepdown subsidiary
9	MC Consulting Malaysia SDN	Full	Stepdown subsidiary
10	MC Consulting Pte Ltd	Full	Stepdown subsidiary
11	Solveda LLC	Full	Stepdown subsidiary
12	Solveda UK	Full	Stepdown subsidiary
13	Solveda Software India Pvt Ltd	Full	Stepdown subsidiary
14	Ceptes Software Inc	Full	Stepdown subsidiary
15	Ceptes Software LLC	Full	Stepdown 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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