Datamatics Business Solutions Limited

March 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	312.00	CARE BBB+; Stable	Reaffirmed
Short-term bank facilities	6.00	CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Datamatics Business Solutions Limited (DBSL) continue to reflect the company's steady operating and financial performances in FY25 (refers to April 01 to March 31) and 9MFY26 and CARE Ratings Limited's (CareEdge Ratings') expectations of sustained performance in the medium term considering its established track record and the extensive experience of its promoters in the Information Technology (IT) services and business process management industry. DBSL's revenue from operations grew by ~15% y-o-y to ₹184.60 crore in FY25 with ~300 bps y-o-y improvement in its profit before interest, lease, depreciation and amortisation (PBILDT) margin in the year led by improving workforce efficiency. The trend continued in 9MFY26 with ~17% y-o-y revenue growth and further margin expansion supported by benefits accruing from rupee depreciation. Going forward, with the company's focus on strengthening its marketing presence in the US and European markets and expanding its offerings, DBSL's revenue is expected to grow by 10-12% per annum in the next 1-2 years with PBILDT margin sustaining in the range of 20-22%.

While reaffirming ratings, CareEdge Ratings notes the progress in planned capital expenditure towards redevelopment of the company's office premises in Marol, Mumbai at an estimated project cost of ~₹475 crore. The project is expected to have received all necessary approvals, including demolition approval from municipal corporation and environmental clearance, in the current year and the company is in advanced stages of negotiating sanction terms of the term loan of ~₹300 crore. The project is expected to commence in Q1FY27 and have an implementation timeline of ~3 years. Timely completion of capex with no major cost overruns remains a key monitorable.

Ratings continue to factor in DBSL's healthy financial risk profile characterised by strong capital structure with healthy net worth base and low reliance on external debt. Ratings also factor in strong liquidity position with no external debt repayment obligations and supported by cash and liquid investments of over ₹300 crore as on December 31, 2025. However, ratings continue to remain constrained by its moderate scale of operation marked by total operating income (TOI) of ₹184 crore in FY25 and implementation risk associated with debt-funded capex of ₹475 crore pending the financial closure. Ratings also consider geographical concentration risk and vulnerability of margins to competitive pressures, employee cost, forex fluctuations, and attrition risk associated with the IT industry and risk of technological disruption.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operation above ₹300 crore and PBILDT margins above 20% on a sustained basis.

Negative factors

- Deterioration in the capital structure with the overall gearing exceeding a unity level on a sustained basis.
- Deterioration in operating cycle driven by collection days beyond 90 days.
- Delay in execution of the capital expenditure (capex) having an impact on liquidity.

Analytical approach: Consolidated

To arrive at ratings, CareEdge Ratings has considered consolidated financial statements of DBSL, and its subsidiaries and associates, as enlisted in Annexure-6 owing to operational and managerial linkages between them.

Outlook: Stable

The Stable outlook on the long-term rating reflects CareEdge Ratings' expectations that DBSL will continue to benefit from its experienced promoters, well-established operational track record in the IT industry, and healthy financial risk profile.

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

Detailed description of key rating drivers:

Key strengths

Extensive experience of promoters in IT services and solution

The company's promoters and its other senior management, have an extensive experience in the IT services and solutions, which aided DBSL's growth over the years. DBSL continues to avail support from the strong management headed by Dr Lalit Kanodia, the founder of the Datamatics group. Yogendra Kanodia ceased to be Chairman and Managing Director of the company from April 30, 2022, due to his demise. The company appointed Nishant Y Kanodia as Non-Executive Chairman and Director, having rich, multi-functional experience in international and domestic markets across diverse sectors. Siddharth Kanodia is as an Executive Director, looks after the overall operations of the company. He and his team of professional's lead and manage the daily affairs of the company. In FY26, the company appointed Kartik Nagarjan as the company's CEO effective October 17, 2025.

Diversified revenue profile and services offerings

The company operates a highly diversified business process outsourcing (BPO) portfolio, offering a wide spectrum of services across lead generation, accounting and taxation, and data-driven solutions. In FY25, it recorded a total revenue of ₹184.21 crore, with lead generation services emerging as the dominant contributor, accounting for over 50% of overall revenue. This is followed by accounting and taxation services, which contributed over 30%, reflecting the company's strong capabilities in compliance-driven and knowledge-based processes. The company provides data solutions and analytics-oriented services, which, while relatively smaller in proportion, continue to be an important revenue stream supporting the overall service mix and demonstrating the company's adaptability to data-centric business demands.

Comfortable capital structure with healthy coverage ratios

The company's financial risk profile is characterised by no external term loan repayment obligations, healthy cash accruals, and strong liquidity. DBSL's net worth stood at ~₹379 crore as on March 31, 2025. The capital structure marked by total outside liabilities to tangible net worth (TOL/TNW) at 0.07x (0.09x) as on March 31, 2025. In FY25, the PBILDT interest coverage ratio stood at healthy levels of 127.79x and total debt to gross cash accruals (TD/GCA) stood at 0.05x considering negligible interest expense owing to low working capital utilisation. The company is planning a capex of ~₹475 crore to be incurred in next three years for the redevelopment of the building in Andheri (MIDC), Mumbai region. CareEdge Ratings believes the capex could have an impact on the financial risk profile, although the overall gearing is expected to continue to be healthy in the near term. Comfort is drawn from the sizeable free cash and liquid investments portfolio of over ₹300 crore as on December 31, 2025.

Key weaknesses

Debt-funded capex

The company is planning to incur a capex (excluding land) for the redevelopment of the building in MIDC, Mumbai. Total project cost is ₹475 crore (excluding land). Financial closure is expected to be achieved shortly. Capex is expected to begin by FY27 is expected to be completed in the next three years. The company is expected to avail term loan for ₹300 crore and balance ₹175 crore will be financed through existing cash and liquid investments. Sizeable capital expenditure exposes the company to project risks including timely financial closure, project implementation and other regulatory risks. Timely achieving financial closure and completion of redevelopment remains key monitorable.

Margins vulnerable to competitive pressures, employee cost, forex fluctuations and attrition risk associated with the IT industry

DBSL faces intense competition from large established players, which limits its pricing flexibility and puts pressure on its margins. The company is also exposed to broader IT industry risks such as global demand slowdown, high employee attrition which could impact operations. Overall attrition rate stood at ~50% for FY24 and FY25 and employee cost has also increased to ~55% of the revenue (PY: 44%), considering addition of employees and incremental hike given to existing employees. High attrition can be partly attributed to hiring temporary staff during international taxation processing season. DBSL derived majority its revenues from exports (90%). The company's majority foreign currency transactions are denominated in USD. The company hedges its foreign exchange fluctuation risk to the extent of 30% gain advantage on spot rate. In FY24, net forex loss stood at ₹1.63 crore (PY: net forex gain ₹2.26 crore). However, in absence of hedging mechanism there is a risk of adverse movement in foreign exchange, and it may have an impact on the company's profitability margins.

Moderate scale operations and geographic concentration

The company's scale of operations remains moderate with revenue from operations remaining below ₹200 crore in the last three years, despite y-o-y growth. Moderate scale of operations limits benefits of economies of scale and constrains the company's ability to absorb external shocks. Around 90% of DBSL's revenue is derived through exports from major market across geographies including the US, Europe, the UK and Canada among others. The US continues to be a major market for the company, accounting for 45-50% of its overall revenue in the last three years followed by Europe and UK contributing 20-25%. Exports to top three countries, the US, Europe and the UK, Canada contributed to over 85% of its revenues exposing DBSL's revenue to risks emanating from demand slowdown in specific markets.

Liquidity: Strong
The company's liquidity position remains strong, supported by the absence of external repayment obligations, healthy cash accruals, and a robust cash and investment buffer. Gross cash accruals (GCA) are projected to remain in the range of ₹50-55 crore in FY26–FY27. The company has planned a ₹475 crore capex in the next three years, to be funded through a mix of a ₹300 crore term loan and liquid investments, with financial closure expected by early FY27. Working capital utilisation remained minimal, averaging 2.20% for 12 months ending December 31, 2025, and operational cash flows have remained positive for the last five years. As of March 31, 2025, the company reported a comfortable current and quick ratio of 7.36x, reflecting a strong liquidity cushion. The company also maintains low inventory levels, moderate non-fund-based utilisation, and no instances of overdrawing or reliance on ad-hoc limits, further underscoring its strong liquidity profile.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Consolidation & Combined Approach
Services Sector
Financial Ratios – Non financial Sector
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

Incorporated in 1982, DBSL (erstwhile Datamatics Financial Services Limited) is engaged in providing voice and non-voice-based business outsourcing solutions and also provides registrar and transfer (R&T) services and is a SEBI Category 1 Registrar and Share Transfer Agent. Majority revenue is derived from services such as lead generation, accounting & taxation and data solutions. The company has its offices at Andheri, Mumbai (Maharashtra).

Brief Financials (₹ crore) - Consolidated	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	160.92	184.60	157.86
PBILDT*	28.66	38.62	47.92
Profit after tax (PAT)	40.07	33.00	68.75
Overall gearing (x)	0.00	0.00	NA
Interest coverage (x)	85.28	127.79	187.71

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Brief Financials (₹ crore) - Standalone	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	127.48	141.08	NA
PBILDT*	25.46	34.55	NA
Profit after tax (PAT)	36.85	29.36	NA
Overall gearing (x)	0.01	0.01	NA
Interest coverage (x)	92.89	171.98	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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	-	-	-	-	6.00	CARE BBB+; Stable
Fund-based - LT-Term Loan	-	-	-	-	306.00	CARE BBB+; Stable
Non-fund-based - ST-Bank Guarantee	-	-	-	-	1.00	CARE A2
Non-fund-based - ST-Credit Exposure Limit	-	-	-	-	5.00	CARE A2

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	6.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (06-Feb-25)	1)CARE BBB+; Stable (28-Feb-24)	-
2	Fund-based - LT-Term Loan	LT	306.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (06-Feb-25)	1)CARE BBB+; Stable (28-Feb-24)	-
3	Non-fund-based - ST-Bank Guarantee	ST	1.00	CARE A2	-	1)CARE A2 (06-Feb-25)	1)CARE A2 (28-Feb-24)	-
4	Non-fund-based - ST-Credit Exposure Limit	ST	5.00	CARE A2	-	1)CARE A2 (06-Feb-25)	1)CARE A2 (28-Feb-24)	-

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	Non-fund-based - ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Credit Exposure Limit	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	Datamatics Business Solutions UK Limited	Full	Wholly owned subsidiary
2	Datamatics Business Solutions Inc.	Full	Wholly owned subsidiary
3	Datamatics Business Enablers Private Limited	Moderate	Associate

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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About us:
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