

CSM Technologies Limited

March 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	64.41 (Enhanced from 53.55)	CARE BBB; Stable	Reaffirmed
Long-term / Short-term bank facilities	68.00 (Enhanced from 58.00)	CARE BBB; Stable / CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of CSM Technologies Limited (formerly CSM Technologies Private Limited) reflects the company's improving net worth base, and satisfactory financial risk profile with improvement in profitability margins in FY25. Ratings also consider the steady growth in the company's order book position. Ratings continue to draw comfort from the presence of professionally qualified and experienced promoters and management team, and the company's long-standing association with reputed clients across diverse end-user segments. CARE Ratings Limited (CareEdge Ratings) notes that CSM filed its Draft Red Herring Prospectus (DRHP) with Securities and Exchange Board of India (SEBI) in September 2025 for an Initial Public Offer (IPO), which received approval on January 28, 2026, proposing a fresh issue of up to 1.29 crore equity shares, with no offer-for-sale component.

However, ratings remain constrained by geography and client concentration risks, the company's moderate scale of operations, elongated collection cycle in FY25 and 9MFY26, the tender-based nature of operations, exposure to foreign exchange fluctuations, changes in government regulations, and intense competition and inherent industry risks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increasing scale of operations with total operating income (TOI) of over ₹250 crore and sustenance of current profit before interest, lease rentals, depreciation and tax (PBILDT) margin of over 15%.
Net worth base of over ₹75 crore on a sustained basis.

Negative factors

- Substantially dip in TOI by over 20% and moderation in PBILDT margins to below 12% on a sustained basis.
- Higher-than-expected capital expenditure (capex) leading to moderation in capital structure marked by overall gearing over 0.80x on a sustained basis.

Analytical approach: Consolidated

CareEdge Ratings has considered the Consolidated financials of CSM, as subsidiaries are into the same line of business and are operating under the common management. Subsidiaries of CSM that have been consolidated are mentioned in Annexure-6.

Outlook: Stable

CareEdge Ratings believes CSM will continue to benefit from promoter's extensive experience in the existing line of business and satisfactory order book position, leading to sustained improvement in scale of operations, while maintaining current operating margins.

Detailed description of key rating drivers:

Key strengths

Professionally qualified and experienced promoters and management team

Priyadarshi Pany, the company's founder and director has over 25 years of experience in the engineering and IT industry. He is a member of the NASSCOM Council, Confederation of Indian Industry (CII) and other industry bodies. He is one of the founding members of Confederation of Information Technology Enterprises (CITE) Bhubaneswar. He is the recipient of Best Entrepreneurship Excellence Award by Jewels of Odisha in 2024. His key responsibilities include oversight of business operations, solutions and services portfolio, and operational and investment activities. He has ~27 years of experience in the information technology and information technology-enabled services sector. Priyadarshi Pany is supported by Lagna Panda (spouse of Pany), who is another director of the company. Under their leadership, the company has delivered ICT solutions such as Development of Integrated Mines and Minerals Management System in Odisha, Jharkhand and Chhattisgarh, land management systems in

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

Maharashtra and digitalised tea auction trade in Kenya. They are backed by a team of experienced and qualified professionals. Their extensive overall business experience is expected to support the business in future.

Association with reputed clientele across end-user markets despite exposure to client concentration

The customer profile includes government organisations and reputed corporate clients. Top five customers contributed ~67% of TOI in FY25, making it susceptible to client concentration. However, comfort is drawn from the fact that the company has long and established relations with its clients and has been able to get repeat orders from them over the years.

Satisfactory order book position

CSM has an outstanding order book of ₹370 crore on January 31, 2026 (increase from ₹261 crore as on January 31, 2025), which is 1.86x of FY25 TOI and provides revenue visibility over medium term. Over 50% of orders are from government organisations and recurring in nature. A substantial portion of the company's current order book originates from India, which exposes it to the country's economic and regulatory risks. To mitigate this concentration, the company has established subsidiaries in Kenya, Rwanda, the US, Canada, and the UAE, enabling it to serve export markets across Africa, North America, Europe, and other regions. As a result of these diversification efforts, revenue from export work orders grew by ~12% in FY25.

Comfortable financial risk profile

The net worth base improved to ₹75.73 crore as on March 31, 2025 from ₹58.03 crore as on March 31, 2024, although it remained modest despite the company being in the industry for over 25 years. In FY25, the promoters infused funds in the form of equity amounting to ₹5.19 crore.

The entity's capital structure improved and stood comfortable, as reflected in an overall gearing of 0.46x as on March 31, 2025 (0.58x as on March 31, 2024) with major reliance on external debt availed for construction of new software development centre/office. The total outside liabilities to net worth stood satisfactory at 1.1x as on March 31, 2025 (1.2x as on March 31, 2024).

Debt coverage indicators stood comfortable, as marked by PBILDT interest coverage of 6.92x in FY25 (9.6x in FY24) and total debt to gross cash accruals (TD/GCA) of 1.71x in FY25 (1.87x in FY24).

Going forward, the company is expected to avail term loan (~₹14 crore) for interior fit-outs and furnishing, pertaining to phase 1 of Software development centre/ office, leading to moderation in overall gearing. The capital structure is expected to peak in FY26 considering the said capex and subsequently improve with gradual repayment of debt.

Key weaknesses

Geography concentration risk

Majority projects, ~73% of total work orders executed were from Odisha, which exposes the company to geography concentration risk. However, the company is gradually diversifying its geography reach and securing orders at a PAN India level. The company is also securing export work orders, expanding its global presence. In FY25, the company executed export work orders worth ₹25.07 crore (~contributed 13% of TOI in FY25) compared to ₹22.23 crore in FY24 (~contributed 11% of TOI in FY24).

Moderate scale of operations

The company's scale of operations remained stable and to an extent moderate with TOI of ₹199.36 crore in FY25 against ₹196.98 crore in FY24. In FY25, the company executed high value orders from current customers and acquired new customers, such as Odisha Bridge & Construction Corporation Limited, Chhattisgarh Infotech Promotion Society, and Ceinsys Tech Limited among others. In 9MFY26, the company has achieved sales of ₹156.09 crore.

The PBILDT margins have improved by 219 bps to 14.86% in FY25 (FY24: 12.67%) due to implementation of high margin orders/projects despite increase in employee expenses from ₹85.35 crore in FY24 (constituting ~43% of TOI) to ₹94.68 crore (constituting ~47% of TOI) in FY25. The company recruited ~300 new employees to prepare for better market opportunities in the future.

TOI is expected to improve gradually in near-to-medium term with bagging of new orders and timely execution of the same.

Tender-based nature of operations

Majority orders are received from government organisations. The contract is tender-based and revenues depend on CSM's ability to bid successfully for these tenders. The company's profitability margins may come under pressure considering the industry's competitive nature. Orders are generally tender driven by government entities, indicating a risk of non-receipt of contract in a

competitive industry. However, CSM's promoters' long industry experience in the engineering and IT industry mitigates this risk to an extent.

Foreign exchange fluctuation risk and exposure to changes in government regulations

The company's exchange risk arises from its foreign currency revenues (primarily in US Dollars), however, a significant portion of the company's revenue is in Indian Rupee. CSM derives ~4-5% of its revenues in foreign currency, while a major portion of its corresponding costs are in Indian Rupee. The company remains exposed to foreign currency fluctuation to the extent of expenses of its foreign subsidiaries, such as employee costs, rentals, maintenance, among others. The company does not hedge its foreign exchange fluctuation risk. Hence, it remains exposed to adverse movement in foreign exchange and its negative impact on the company's profitability margins.

Intense competition and industry risk

CSM is a relatively moderate-scale player in the IT services industry, which is dominated by large multinationals with deep pockets. The industry faces intense competition considering low entry barriers. The IT industry also faces challenges from rapid technological changes, which may lead to obsolescence of certain software/services. Availability and retention of a skilled workforce, attrition levels and wage inflation pose a challenge. Players in this industry remain exposed to macroeconomic factors such as adverse changes in laws, recession and IT being discretionary spend, cost reduction initiatives that may result in reduction in IT spends by clients.

Liquidity: Adequate

Liquidity is adequate as marked by GCA of ₹20.46 crore against scheduled debt repayment obligation of ₹4.56 crore in FY25; supported by current ratio of 1.64x and moderate working capital utilisation of ~81% for 12 months ending November 30, 2025. The company had cash and bank balance of ₹13.93 crore as on September 30, 2025, including margin money of ₹9.03 crore. The company is expected to generate sufficient cash accruals in FY26 against debt repayment of ₹4.46 crore. CSM generated net cash flow from operations of ~₹8.31 crore in FY25 aided by efficient and prudent working capital management. However, the operating cycle stretched nearly two months in FY25 due to extension of collection period from two months in FY24 to three months in FY25. Collection period further stretched nearly four months in 9MFY26 tightening the overall liquidity profile of the company.

Going forward, despite tightening of the collection period and considering sufficient cushion between debt repayment obligations and expected cash accruals with limited capex plans, CareEdge Ratings anticipates that the company's liquidity will remain adequate in the near-to-medium term.

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](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Consolidation & Combined Approach](#)

[Services Sector](#)

About the company and industry

Industry classification

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

CSM (formerly known as CSM Technologies Private Limited) was incorporated in 1998, by Priyadarshi Pany (Managing Director) based out at Bhubaneswar, Odisha. The company was originally incorporated as Cybertech Software & Multimedia Private Limited on July 15, 1998. It was renamed CSM Technologies Private Limited on October 13, 2014, and transitioned to a public limited company and received preliminary approvals for its listing on January 28, 2026. CSM specialises in delivering IT services and solutions, focusing on the development and implementation of customised applications and software, particularly in the e-governance sector. The company also provides consulting and advisory services. CSM provides self-service technologies that

enable government organisations and corporate clients to migrate, automate, and manage customer-facing business processes through self-service channels.

Brief Consolidated Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	196.98	199.36	156.09
PBILDT	24.96	29.62	28.19
PAT	12.59	14.10	12.44
Overall gearing (times)	0.58	0.46	0.68
Interest coverage (times)	9.60	6.92	4.61

A: Audited; UA: Unaudited; 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		-	-	-	30.00	CARE BBB; Stable
Fund-based - LT-Term Loan		-	-	March 2033	34.41	CARE BBB; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	68.00	CARE BBB; Stable / 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 - LT/ ST-Bank Guarantee	LT/ST	68.00	CARE BBB; Stable / CARE A3+	-	1)CARE BBB; Stable / CARE A3+ (07-Mar-25)	1)CARE BBB; Stable / CARE A3+ (08-Feb-24)	-
2	Fund-based - LT-Term Loan	LT	34.41	CARE BBB; Stable	-	1)CARE BBB; Stable (07-Mar-25)	1)CARE BBB; Stable (08-Feb-24)	-
3	Fund-based - LT-Cash Credit	LT	30.00	CARE BBB; Stable	-	1)CARE BBB; Stable (07-Mar-25)	1)CARE BBB; Stable (08-Feb-24)	-

LT/ST: Long term/Short term; LT: Long term

Annexure-3: Detailed explanation of covenants of rated instrument/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 - LT/ ST-Bank Guarantee	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	CSM Technologies DWC LLC	Full	Wholly owned subsidiary of CSM
2	CSM Technologies INC	Full	
3	CSM Tech Limited	Full	
4	CSM Tech Corp	Full	
5	CSM Technologies Africa Limited	Full	

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

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