Inspirisys Solutions Limited

July 23, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	18.00	CARE BBB+; Stable / CARE A2	Upgraded from CARE BBB; Stable / CARE A3+
Long-term bank facilities	RBI	2.00	CARE BBB+; Stable	Upgraded from CARE BBB; Stable
Short-term bank facilities	RBI	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Inspirisys Solutions Limited (ISL) factor in the improved liquidity position marked by increase in free cash and liquid investments, sustained improvement in service income aided by increase in new order executions in FY26 and improvement in the operating cycle. Ratings continue to derive comfort from ISL's established track record in the IT infrastructure and services domain, diversified clientele 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.

CARE Ratings Limited (CareEdge Ratings) has withdrawn the rating assigned to ISL's short-term bank facilities provided by Axis Bank with immediate effect as there is no amount outstanding per the lender confirmation and the charge satisfied in the Ministry of Corporate Affairs (MCA) portal.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operation with TOI above ₹750 crore while maintaining healthy operating margins.

Negative factors

- Elongation in operating cycle days leading to deterioration in liquidity profile
- 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

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

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

classified in three different verticals, Services (Infrastructure solutions, Software development, Product Engineering Development, Security, Cloud; 65%), System Integration (Product and Hardware; 34%), and Warranty Management Services (WMS; ~1%). These three verticals are seamlessly integrated, enabling efficient service delivery. The company's clientele is diversified across banking, financial services, and insurance (BFSI; 52%), manufacturing (12%), public sector undertakings (PSU; 18%), and others (18%) in FY26.

Strong parentage from CAC
CAC is a Tokyo-based IT service provider and holds 69.95% stake in ISL. CAC has extended corporate guarantee for the working capital limits availed by ISL 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 ISL's subsidiaries. Unsecured loan extended by CAC to subsidiaries of ISL stood at ₹77.77 crore as on March 31, 2026. CAC infused additional equity of ₹26.28 crore and ₹30.54 crore in FY19 and FY20 crore, respectively, into ISL, post-acquisition of the company in 2014.

Consistent growth in service income and diversified clientele
Service income has been consistently improving in the last five years, from ₹202 crore in FY22 to ₹309 crore in FY26, owing to successful execution of new orders and renewal existing annual contracts. ISL benefits from its long track record of operations and reputed clientele. In FY26 company secured order from two major customers in BFSI industry, which contributed ~19% of TOI in FY26. New contracts include annual maintenance contract for three years further supporting the service income growth momentum. ISL customer industry profile includes, BFSI, Govt./PSU, IT, manufacturing and telecom, with majority coming from BFSI segment and Govt./PSU.

Comfortable leverage position and debt coverage indicators, further improved in FY26
The company's financial risk profile remains healthy, as reflected by its overall gearing of 0.03x as of March 31, 2026 (PY: 0.04x). ISL had a net worth of ₹171.13 crore as of March 31, 2026, against minimal debt, primarily comprising vehicle loans and lease liabilities. Debt coverage indicators improved, as evidenced by interest coverage ratio of 12.80x in FY26 (PY: 5.24x) and a total debt to gross cash accruals (TD/GCA) ratio of 0.15x in FY26 (PY: 0.24x). The improvement in debt coverage metrics supported by increase in scale of operations, with TOI rising to ₹467 crore in FY26 (PY: ₹378 crore) while maintaining stable operating margins at 8% in FY26.

Key Weaknesses
Significant exposure to 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 depending 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 FY26, SI revenue improved significantly to ₹159.26 crore, however in FY25, it declined sharply to ₹86.69 crore, compared to ₹207.02 crore in FY24 and ₹114.30 crore in FY23 reflecting revenue volatility. In FY26, ISL secured a large contract worth ~₹98 crore in the last quarter of FY26, of which ~₹51 crore related to the SI segment has been completed in FY26, while the remainder tied to annual services contracts, will accrue in 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. wage inflation, recruitment costs due to employee attrition levels, global economic concerns continue to pressure operating margins.

Industry prospects
The Indian IT industry remains one of the largest globally, with an estimated market size of ~US$280 billion, including a domestic market of ~US$60 billion. The domestic IT industry continues to benefit from increasing digitalisation across government departments, PSUs, banks, financial institutions, and enterprises, supported by initiatives such as Digital India, data localisation requirements, and growing adoption of cloud, cybersecurity, analytics, and AI-led solutions. India's overall IT spending is expected to reach US$176.3 billion in 2026, driven by robust investments in data centres, AI-enabled software, and digital infrastructure.

However, the industry remains exposed to global macroeconomic conditions and enterprise IT spending cycles, particularly in the US and European markets. Rapid innovation in generative AI is expected to disrupt certain traditional IT service offerings, with industry estimates indicating potential revenue deflation of 2%-3% annually in select legacy service lines. Sustained investments in AI, cybersecurity, cloud migration, and application modernisation are expected to support the industry's long-term growth trajectory.

Liquidity: Adequate

ISL generated GCA of ₹31.12 crore in FY26 and maintained unencumbered cash bank balance of ₹6.78 crore and liquid investments of ₹86.82 crore as on March 31, 2026, against minimal term loan repayment commitments of ~₹0.11 crore and lease payments of ~₹1.84 crore in FY27. Average working capital cycle improved in FY26 to 33 days (PY: 62 days) with improvement average collection days to 84 days in FY26 (PY: 105 days). Fund-based working capital utilisation was NIL and non-fund based working capital utilisation remained moderate at 45% for 12 months ended May 2026.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Withdrawal Policy
Short Term Instruments
Services Sector

About the company and industry

Industry classification

Macroeconomic 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, 2024 (A)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	478.36	378.51	467.49
PBILDT*	38.18	29.82	37.39
Profit after tax (PAT)	21.60	26.07	38.16
Overall gearing (x)	0.44	0.04	0.03
Interest coverage (x)	5.10	5.24	12.80

A: Audited; 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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-		-	-	2.00	CARE BBB+; Stable
Non-fund-based - LT/ ST-Bank Guarantee	RBI	Simple	-		-	-	18.00	CARE BBB+; Stable / CARE A2
Non-fund-based - ST-BG/LC	RBI		-		-	-	0.00	Withdrawn

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 2026-2027	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
1	Non-fund-based - ST-BG/LC	ST	-	-	-	1)CARE A3+ (06-Aug-25)	1)CARE A3+ (02-Aug-24)	1)CARE A3+ (06-Oct-23)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	18.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB; Stable / CARE A3+ (06-Aug-25)	1)CARE BBB; Stable / CARE A3+ (02-Aug-24)	1)CARE BBB; Stable / CARE A3+ (06-Oct-23)
3	Fund-based - LT-Cash Credit	LT	2.00	CARE BBB+; Stable	-	1)CARE BBB; Stable (06-Aug-25)	1)CARE BBB; Stable (02-Aug-24)	1)CARE BBB; Stable (06-Oct-23)

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: 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.

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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

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