Softtech Engineers Limited

August 21, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	28.00	CARE BBB-; Stable / CARE A3	Reaffirmed
Long-term bank facilities	RBI	-	-	Withdrawn
Short-term bank facilities	RBI	12.00	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Softtech Engineers Limited (SEL) continue to derive strength from its long track record of operations in the industry and experienced management and reputed customer base. Ratings further derive comfort from healthy profitability, comfortable capital structure, satisfactory debt coverage indicators and adequate liquidity position. However, rating strengths continue to remain constrained considering SEL's moderate order book position, modest scale of operations, working capital intensive operations emanating from high collection cycle and sizeable portion of unbilled revenues and exposure to tender-driven process and dependence on government spending.

CARE Ratings Limited (CareEdge Ratings) has also withdrawn ratings assigned to two of bank facilities, as they have been repaid in full and there are no dues outstanding against these facilities.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in total operating income (TOI) above ₹135 crore and improvement in gross cash accruals (GCA) and return on capital employed (ROCE).
- Improvement in the liquidity profile led by healthy cash flows from operations, with collection period (including unbilled revenues) of less than 180 days.

Negative factors

- Sustained decline in revenue below ₹45 crore and profit before interest, lease rentals, depreciation and taxation (PBILDT) margins below 25%.
- Deterioration in overall gearing above 0.60x and total debt (TD) to GCA above 3.50x on a sustained basis.
- Significant write- offs leading to erosion of net worth to below ₹100 crore.

Analytical approach: Consolidated

CareEdge Ratings has considered consolidated financials of SEL. Consolidated approach factors in investments by SEL in its subsidiaries and significant management, operational and financial linkages between SEL and its subsidiaries and step-down subsidiaries. Subsidiaries consolidated are listed under Annexure-5.

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation that the company shall sustain its financial risk profile in the medium term.

Detailed description of key rating drivers

Key strengths

Long track record of operations and experienced management

SEL has an established track record of over two decades in the industry and is promoted by Vijay Gupta, who has over three decades of experience in developing complex Building Information Modelling (BIM) / Computer-Aided Design (CAD) / Project Management enterprise software within the architecture, engineering and construction (AEC) domain. He is ably supported by Priti Gupta, who oversees human resources and administration departments having experience of over a decade. The board of

[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 ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

directors play a crucial role in SEL's decision-making and management processes. The company's long-standing presence in the industry, combined with extensive experience of its promoters, benefits SEL in acquiring new clients and ensuring smooth operations.

Reputed client base; despite concentrating on government departments

With over two decades of operations in the industry, SEL's promoters have developed long-standing and established relationships with its reputed clientele, leading to repeat orders. SEL has a customer base of over 75 clients, based in geographically diverse locations, majorly in India and has also executed orders in some parts of Nigeria, the UAE and Oman. Major customers include government departments, Municipal Corporations, Urban local bodies, Public Works Departments (PWD), among others. The company is also a software partner to the governments across India under various schemes. However, customer base remains concentrated with top five clients contributing to ~44% of TOI in FY26 (refers to April 01 to March 31). Counterparty risk is partially mitigated by association with reputed clientele.

Healthy profitability margins

In FY26, the PBILDT margin continued to remain healthy, with PBILDT margin of 24.22% (PY: 24.18%) driven by increase in the TOI. The PAT margin also improved in line with the PBILDT margin to 4.01% in FY25 (PY: 1.39%). Profitability is expected to improve in the medium term.

Comfortable capital structure and moderate debt coverage indicators

As on March 31, 2026, SEL's capital structure continued to remain comfortable with an overall gearing of 0.23x (PY: 0.25x) owing to improvement in net worth base due to improved profitability in FY26. In the absence of major debt funded capex, capital structure is expected to remain comfortable in the medium term. Debt coverage indicators continued to remain moderate with TD/GCA and interest coverage of 1.45x and 7.90x respectively in FY26 (PY: 2.37x and 4.47x respectively).

Key weaknesses

Moderate order book position

As of March 31, 2026, SEL's outstanding order book stood at ₹232 crore, representing an order book-to-FY26 total operating income (TOI) ratio of 1.74x, which provides healthy near-term revenue visibility. While the company historically exhibited order concentration risk, with the top five orders constituting ~40% of the outstanding order book, the management has taken steps in FY26 to diversify its order portfolio, reducing customer and project concentration risk. However, a significant portion of the order book is sourced from government authorities, exposing the company to moderate collection risks, particularly in terms of delays in receivable realisation the sizeable unbilled revenue position which may stretch working capital requirements.

Modest scale of operations

SEL's scale of operations has reflected a growing trend for five years ended FY26, with growth largely driven by government-spending activities. TOI increased by ~39% to ₹132.90 crore in FY26 (PY: ₹95.25 crore) driven by higher inflow and execution of orders. Despite the long track record of operations, SEL's scale of operation of remained modest, which limits its financial flexibility to meet exigency.

Working capital intensive operations

The company's operations remain working capital intensive emanating from high collection cycle and sizeable portion of unbilled revenues. Operating cycle improved in FY26; however, it remained high at ~195 days (PY: ~287 days). SEL derives a major proportion of its revenues from government contracts, where the collection period is high due to delay in validation, quality checks and approval of invoices by customers. Billing schedules agreed with customers include periodic performance-based payments or milestone-based progress payments, leading to unbilled portions of revenue.

Exposure to tender-driven process and high dependence on government spending

The company primarily caters to orders received from government entities and other government establishments. The high reliance on government contracts makes the company susceptible to changes in government policies regarding tenders awarded to contractors. SEL has to participate in tenders floated by government agencies, which can sometimes be lengthy. The company depends on government spending for the total capital expenditure outlined in the annual union budget.

Liquidity: Adequate

SEL's liquidity position remains adequate, characterised by sufficient cushion in expected cash accruals of ~₹30-35 crore against repayment obligations of ₹7-8 crore in FY27 and ~₹1-2 crore thereafter. As on March 31, 2026, the company also had a free cash and bank balance of ₹36.06 crore. Average maximum utilisation of fund-based limits and non-fund-based limits stood at ~92% and ~62% respectively for 12 months ended May 31, 2026. Cash flow from operations stood at ~₹40 crore in FY26.

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
- Services Sector
- Withdrawal Policy

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Information technology	Information technology	IT - services	IT-enabled services

Softtech Engineers Private Limited was incorporated in 1996 by Vijay Gupta, which was reconstituted as a public limited company under the name SEL in May 2018, with its shares initially listed on the NSE SME platform. The company later migrated to the main board of NSE and BSE, on February 25, 2022. SEL is an information technology and software services company, delivering end-to-end solutions in the AEC space. Its clientele incudes government bodies, municipalities, property developers, contractors, architects, among others. SEL currently has a portfolio of six products including AutoDCR, PWIMS, Opticon, BIMDCR, Rule Buddy and CIVIT. These products cover the entire value chain of the construction industry, from pre-construction to during construction and then to the post construction stage.

Brief Financials (₹ crore)-Consolidated	March 31, 2025 (A)	March 31, 2026 (Abridged)
Total operating income	95.29	132.90
PBILDT	23.04	32.19
PAT	1.33	5.33
Overall gearing (times)	0.38	0.39
Interest coverage (times)	4.47	7.90

A: Audited; Note: these are latest available financial results

Brief Financials (₹ crore)-Standalone	March 31, 2025 (A)	March 31, 2026 (Abridged)
Total operating income	93.42	128.30
PBILDT*	25.90	34.39
Profit after tax (PAT)	4.14	9.57
Overall gearing (x)	0.34	0.33
Interest coverage (x)	5.04	8.44

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of 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	-		-	-	0.00	Withdrawn
Fund-based - LT-Term Loan	RBI	Simple	-		-	31-08-2026	0.00	Withdrawn
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	RBI	Simple	-		-	-	28.00	CARE BBB-; Stable / CARE A3
Non-fund-based - ST-Bank Guarantee	RBI	Simple	-		-	-	12.00	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 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	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	28.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (29-Jul-25)	1)CARE BBB-; Stable / CARE A3 (07-Oct-24)	1)CARE BBB-; Stable / CARE A3 (13-Nov-23)
2	Non-fund-based - ST-Bank Guarantee	ST	12.00	CARE A3	-	1)CARE A3 (29-Jul-25)	1)CARE A3 (07-Oct-24)	1)CARE A3 (13-Nov-23)
3	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BBB-; Stable (29-Jul-25)	1)CARE BBB-; Stable (07-Oct-24)	1)CARE BBB-; Stable (13-Nov-23)
4	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BBB-; Stable (29-Jul-25)	1)CARE BBB-; Stable (07-Oct-24)	1)CARE BBB-; Stable (13-Nov-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

Annexure-5: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	SoftTech Finland OY	Full	Wholly owned subsidiary
2	SoftTech Engineers Inc.	Full	Subsidiary
3	AmpliNxt Private Limited	Full	Wholly owned subsidiary
4	SoftTech Digital Pte. Ltd	Full	Wholly owned subsidiary
5	SoftTech Digital Solutions Limited	Full	Wholly owned subsidiary
6	Envee Information Technology Pvt Ltd	Full	Subsidiary
7	SoftTech Government Solutions Inc.	Full	Step-down subsidiary
8	SoftTech Digital Software LLC	Full	Step-down subsidiary
9	SoftTech Digital AG	Full	Wholly owned 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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About us:
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