

June 02, 2025

Emudhra Limited: Ratings upgraded to [ICRA]A (Stable)/[ICRA]A1; outlook revised to Stable from Positive

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term – Unallocated	35.00	35.00	[ICRA]A (Stable)/ [ICRA]A1; upgraded from [ICRA]A- (Positive)/ [ICRA]A2+ and outlook revised to Stable from Positive
Total	35.00	35.00	

*Instrument details are provided in Annexure I

Rationale

The ratings upgrade for Emudhra Limited (eMudhra) factors in its healthy revenue growth and higher-than-expected internal accrual generation in FY2025 and ICRA's expectation of sustenance of the same over the near-to-medium term. Over the past five fiscals, the company's revenue and net profits have increased at a healthy compounded annual growth rate (CAGR) of 35% and 33%, respectively. In FY2025, eMudhra's revenue rose 39% on a YoY basis to Rs. 519.4 crore, supported by new product rollouts, increasing international revenues (57% revenue growth on a YoY basis), scale-up of the enterprise solutions segment and inorganic growth. The enterprise solutions segment witnessed a healthy growth of 54% on a YoY basis in FY2025, partly led by inorganic growth, which alone contributed around 18% to the overall YoY growth of the company. In H1 FY2025, the company acquired two US-based cybersecurity companies, Two95 International Inc. (Two95) and Sendrcrypt Technologies Inc. (Sendrcrypt) for a total consideration of \$13.1 million, which aided its product expansion in the US market. The new product developments and inorganic growth were partly funded by Rs. 200 crore raised through the qualified institutional placement (QIP) in January 2024. These proceeds were fully utilised as on March 31, 2025. eMudhra continues to maintain a healthy order book position of Rs. 190 crore as on April 1, 2025, providing healthy revenue visibility in the near term. Going forward, the company's growth momentum is expected to be supported by its product development capabilities, partnering with resellers and reputed customer base of large banking, financial services and insurance (BFSI) players, Government sector entities and corporates across multiple sectors. Moreover, the financial risk profile of eMudhra remains healthy, supported by its debt-free status, comfortable coverage metrics and strong liquidity position. Additionally, the ratings continue to factor in the promoters' extensive experience in the industry, the company's established track record and a leading position as a cyber security-related services provider and certifying authority for issuing digital signature certificates (DSC) in India.

The ratings are, however, constrained by eMudhra's moderate, albeit growing scale of operations, which are susceptible to intense competition with presence of several DSC issuers/ digital security providers in the Indian and global markets, limiting its pricing flexibility to an extent. However, the company's leadership position in India and its ability to provide comprehensive digital solutions, along with lower cost of delivery compared to its competitors in the US and Europe, provide a competitive advantage, to some extent. Given the nature of the business, eMudhra is also exposed to changes in regulatory environment, technology obsolescence, cyber security and data management risks. However, the company's efforts to continually innovate and invest in new product development along with inorganic growth expansion plans are expected to mitigate this risk, to an extent. Moreover, the working capital intensity of the business remains high, led by elongated receivable cycle as a considerable portion of its revenue is generated from the Government sector and export clients for the enterprise solution business.

The Stable outlook on the long-term rating of eMudhra reflects ICRA's opinion that it will continue to maintain a healthy financial profile, supported by increased accrual generation, debt-free status and comfortable liquidity position.

Key rating drivers and their description

Credit strengths

Established position as the leading licensed certifying authority for issuing DSC in India – Incorporated in 2008, eMudhra is a leading player in the digital security and transformation space with certifying licence by the Controller of Certifying Authority (CCA), Ministry of Information Technology, Government of India to issue DSC in India. Its healthy track record of operations, supported by its wide network of partners/resellers across India, has resulted in sustenance of its market share (by value) at 40% over the recent fiscals.

Increased diversification of revenues – eMudhra's revenues are well diversified across segments and geographies. The company operates through two major business segments – trust services and enterprise solutions. The trust services segment includes sales of token-based DSC and SSL certificates through retail and channel partners, while the enterprise solutions segment includes sales of products/solutions for secure online access (emAS), public key infrastructure (emCA), paperless workflow (emSigner) and certificate life cycle management (Certinext) for Government entities, BFSI and corporates (for multiple other sectors). With new product rollouts, increasing marketing and inorganic growth initiatives of the company, the share of the enterprise solutions segment increased to 80% in FY2025 from around 50% in the past. Geographically, its revenues are led by the US market with a share of 43% in FY2025, followed by India at 38%, the Middle East and Africa at 13%, Asia Pacific at 5% and Europe at less than 1%. Increasing contribution from the enterprise solutions business and export revenues have supported the company's growth momentum in the recent years.

Healthy financial risk profile – eMudhra's financial profile remains healthy, as marked by increasing accrual generation and net worth base, comfortable debt protection metrics and liquidity profile. The company's growth momentum has remained strong in the past two fiscals, reflected by 50% and 39% YoY growth in FY2024 and FY2025, respectively. This has been supported by new product rollouts, expansion of the base business in existing geographies, increased penetration in new markets and inorganic growth. During FY2024-FY2025, eMudhra has acquired three US-based cybersecurity firms, Ikon Tech Services LLP, Two95 and Sendrcrypt, which collectively accounted for 28% of its top line in FY2025. While the operating profit margins witnessed some moderation in FY2025 (23.9% against 29.8% in FY2024) owing to some one-time expenses related to acquisitions, ESOP provisioning and DSC stock repurchases due to changing regulations by CCA, the accrual generation of the company remained healthy. The financial risk profile is also supported by its debt-free status and strong coverage metrics. Going forward, the growth momentum is expected to be supported by focus on increasing international presence, new product enhancements and healthy order book position. The financial risk profile is expected to remain supported by debt-free status, absence of sizeable capex plans, improving accrual generation and strong liquidity position.

Credit challenges

Moderate scale of operations – Despite strong revenue growth reported in the past two fiscals, eMudhra's scale of operations remains moderate. Going forward, ICRA expects the company to record a healthy revenue growth, supported by its leadership position in the digital trust services business, healthy order book in the enterprise solution segment, new product developments and inorganic growth plans.

Competition from other domestic and international players – The company faces competition from several domestic and international players, some of which are Digicert Corporation, Entrust Corporation, Sify Communications Ltd., Capricorn Identity Services Pvt. Ltd., among others. While intense competition limits pricing flexibility to some extent, eMudhra benefits from its leadership position as a licensed certifying authority for DSC in India and growing presence of its enterprise solutions business segment globally and new product development.

High working capital intensity of the business – eMudhra's working capital intensity remains high, driven by the elongated receivable levels in the enterprise solutions segment as a considerable portion of revenue comes from public sector entities and export market. This has also impacted the cash flow from operations in the past. However, the same has improved in

FY2024-FY2025 on the back of increasing scale and diversification of revenues. Going forward, eMudhra's ability to sustain its growth momentum without any material elongation of its working capital cycle will remain a key monitorable.

Exposed to changes in regulatory framework and technological obsolescence – Given that the company is a licensed certifying authority by the CCA, it operates under the guidelines set by the Information Technology Act, 2000. This exposes its business to any changes in the regulatory requirements/ audits by the CCA. This is also reflected by the flat revenue growth witnessed in the trust services segment in FY2025 primarily due to lower DSC volumes in the industry, led by the new guidelines issued by the CCA from July 1, 2024, and removal of mandatory usage of DSC in tax audits by the Income Tax Department. Further, the industry is susceptible to risks related to technological changes, competition from substitutes and shifts in customer demand apart from data management and cyber security risks. This necessitates continued investments in technology upgradation. The company's continuous focus towards the enterprise solution segment and investments in product development and further diversifying its revenue mitigate the said risks to an extent.

Environmental and social risks

Environmental considerations – The company has a data centre in Bengaluru and a disaster recovery data centre in Chennai. Energy efficiency and sustainable sourcing of power are critical for data centres, which impact the smooth conduct of business operations. The company has invested in energy-efficient infrastructure and equipment to reduce energy consumption in its data centres.

Social considerations – eMudhra faces the risk of data breaches and cyberattacks that could affect the large volumes of customer data that it manages. Any material lapse on this front could result in substantive liabilities, fines, or penalties and reputational impact. Also, eMudhra remains exposed to the risk of changes in the regulatory environment in the key markets where it provides its services.

Liquidity position: Strong

eMudhra's liquidity is strong, supported by healthy cash flow generation, adequate unencumbered cash and cash equivalents and no long-term debt repayment obligations. As on March 31, 2025, the company had free cash/cash equivalent and liquid investments of Rs. 180.8 crore. ICRA expects eMudhra's liquidity to remain comfortable, supported by surplus funds available and expected healthy internal accrual generation.

Rating sensitivities

Positive factors – ICRA could upgrade eMudhra's ratings if the company demonstrates a strong growth in revenue and earnings, while maintaining its healthy credit metrics and liquidity position without any material elongation of its working capital cycle.

Negative factors – The ratings may be downgraded if there is any considerable pressure on revenue and internal accrual generation due to reasons including adverse regulatory changes, or a sharp impact on its working capital intensity, resulting in weakening of the liquidity position. Specific metrics that could lead to ratings downgrade include Total Debt/OPBITDA higher than 2.0 times, on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology IT - Software & Services
Parent/Group support	Not applicable

Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Emudhra Limited. As of March 31, 2025, Emudhra Limited had 13 subsidiaries, which are enlisted in Annexure II.
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About the company

Incorporated in 2008, eMudhra is a Bangalore-based, licensed certifying authority involved in issuing DSC in India under its brand, eMudhra. The company is licensed by the CCA, Ministry of Information Technology and operates under the guidelines set by the Information Technology Act, 2000. Along with issuing digital signatures, it provides various enterprise solutions and services around digital signatures like authentication solutions, paperless office solutions, solutions for securing data at rest and data in transit and certificate lifecycle management. Apart from these, it also has solutions for Internet of Things (IoT), and other solutions around Public Key Infrastructure (PKI).

Key financial indicators (audited)

eMudhra - Consolidated	FY2024	FY2025
Operating income	373.1	519.4
PAT	76.4	87.2
OPBDIT/OI	29.8%	23.9%
PAT/OI	20.5%	16.8%
Total outside liabilities/Tangible net worth (times)	0.1	0.2
Total debt/OPBDIT (times)	0.1	0.0
Interest coverage (times)	37.0	107.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	June 02, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Unallocated	Long-term/ Short-term	35.00	[ICRA]A (Stable)/[ICRA]A1	Jun 06, 2024	[ICRA]A- (Positive)/ [ICRA]A2+	Jun 26, 2023	[ICRA]A- (Stable)/ [ICRA]A2+	Oct 07, 2022	[ICRA]BBB+ (Positive)/ [ICRA]A2
Non-fund based	Short-term	-	-	-	-	-	-	Oct 07, 2022	[ICRA]A2

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/ Short-term – Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or

complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Unallocated	NA	NA	NA	35.00	[ICRA]A (Stable)/[ICRA]A1

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company name	eMudhra's Ownership	Consolidation approach
eMudhra (MU) Limited	100.00%	Full consolidation
eMudhra Technologies Limited	100.00%	Full consolidation
eMudhra Consumer Services Limited	100.00%	Full consolidation
eMudhra DMCC	100.00%	Full consolidation
eMudhra Pte Ltd	100.00%	Full consolidation
eMudhra INC	100.00%	Full consolidation
eMudhra B.V.	100.00%	Full consolidation
PT eMudhra Technologies Indonesia	59.35%	Full consolidation
Ikon Tech Services LLC	51.00%	Full consolidation
eMudhra Kenya Ltd	100.00%	Full consolidation
TWO95 International Inc	86.80%	Full consolidation
Certinext Inc	100.00%	Full consolidation
eMudhra Employees Stock Option Trust	100.00%	Full consolidation

Source: eMudhra Q4 results

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