

March 05, 2026

Mastek Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based limits – Cash credit	50.00	50.00	[ICRA]AA- (Stable); reaffirmed
Short-term – Non-fund based limits	50.00	50.00	[ICRA]A1+; reaffirmed
Long-term/short-term – Fund based/non-fund based	6.00	6.00	[ICRA]AA- (Stable)/ [ICRA]A1+; reaffirmed
Long-term -Non-fund based facilities	85.90	-	-
Total	191.90	106.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings reaffirmation for Mastek Limited (Mastek) factors in its established business position in the information technology (IT) and IT-enabled services (ITeS) industry, strong execution track record, and presence in key global market segments with long, established relationships with a reputed client base. The ratings also consider the healthy financial risk profile, supported by a comfortable capital structure, strong coverage metrics and adequate liquidity position.

In FY2025, Mastek reported a Year-on-Year (YoY) revenue growth of 10.8% (USD terms) to \$408 million, relatively higher than industry peers, supported by strong traction in the UK healthcare and secured Government services. However, revenue growth moderated to 4.6% YoY in 9M FY2026 to \$317.7 million, owing to strategic reorganisation in select markets, seasonal furloughs in the UK healthcare and public sectors in Q3 FY2026 and delays in project ramp-ups. The operating margins remained stable at 15.5% in 9M FY2026. ICRA expects Mastek to record moderate growth for the fiscal amid a demand softness. Over the medium term, growth prospects are expected to be supported by India's trade deals with the UK and Europe, given Mastek's significant presence in these markets, along with its healthy order book. Moreover, the company is expected to look for acquisitions to drive overall inorganic growth. The impact of such acquisitions on cash flows and debt metrics will be evaluated on a case-to-case basis and remains a key monitorable.

The ratings, however, remain constrained by Mastek's high revenue dependence on the UK's public and healthcare sectors, exposing it to the risk of changes in the UK Government's policy on IT spending. However, the risk is mitigated to an extent as Mastek has an established track record of several decades in serving the UK public sector for critical IT projects. Also, the company faces stiff competition from other prominent players in the global IT services industry, resulting in margin pressure. Additionally, industry participants, including Mastek, continue to face challenges in the form of wage inflation, foreign currency fluctuations, talent acquisition and retention. Over the years, the company has been expanding its footprint in the US market through strategic acquisitions, which exposes it to evolving regulatory developments, including the proposed Halting International Relocation of Employment (HIRE) Act. The legislation remains under review and is not yet in effect. Nonetheless, given Mastek's relatively limited presence and moderate revenue contribution from the US, any potential impact from such policy changes is expected to be limited, though this remains a monitorable. ICRA also notes the evolving risks and opportunities arising from the growing adoption of Artificial Intelligence (AI)/Generative (Gen) AI in the IT services industry. The resulting shifts in delivery models, pricing and talent structures could pose execution and adaptation risks, even as new revenue avenues emerge to partially offset such disruptions. The impact of these developments on the company will also be a key monitorable.

The Stable outlook on the long-term rating reflects ICRA's opinion that despite moderate revenue growth in the near term, Mastek's credit profile will remain healthy, supported by its steady cash flow generation, comfortable capital structure and adequate liquidity position.

Key rating drivers and their description

Credit strengths

Established operational track record and presence in the industry – Mastek has an established business profile, supported by its long track record in the digital transformation business and strong presence in Oracle cloud-based solutions implementation through Evosys. The company is also present in the Salesforce consulting business through its subsidiary, MST Solutions, and data, cloud space and modernisation businesses through another subsidiary, BizAnalytica. The company's key service consisting of digital and application engineering and Oracle cloud and enterprise apps generated around 78% of revenue in FY2025. Mastek has a strong track record in the Government and education, health and life sciences, retail/consumer, manufacturing and technology and financial services verticals, which generated 39-41%, 20-25%, 11-13% and 12-14% and 12-13%, respectively, of total revenues in FY2025 and 9M FY2026.

Increased geographical diversification – Historically, the company derived a significant portion of its revenues from Europe and the UK (72% in FY2020). However, revenue generation from other geographies has improved over the past few years, following acquisitions carried out by the company, which include Evosys (February 2020), MST Solutions (July 2022) and BizAnalytica (July 2023), and increased client mining in other key markets. This has led to a steady increase in revenue contribution from the US to 27.0% in FY2025 from 16.7% in FY2021 and a decline in revenues from Europe and the UK to around 57.3% from 67.4% over the same period.

Healthy financial profile, supported by steady accruals, comfortable capital structure and adequate liquidity position – The company's financial profile remains healthy, reflected in the comfortable capital structure, steady accrual generation and adequate liquidity position. The operating margins largely remained stable at 15-16%. The company's leverage and coverage indicators also remained comfortable with Total Debt/OPBITDA of 1.0 time (1.3 times in H1 FY2025) and interest coverage of 16.3 times (13.0 times in H1 FY2025) in H1 FY2026 with moderating debt levels. Mastek's aggregate debt levels reduced to Rs. 544.1 crore as on September 30, 2025, from Rs. 671.3 crore as on September 30, 2024. Going forward, Mastek's debt protection metrics are expected to remain healthy, supported by steady cash flows and no significant increase in debt level.

Credit challenges

High concentration on the UK public and healthcare sectors; although mitigated to an extent by consistent performance – Mastek derives 55-60% of its revenues from the UK and Europe, of which a sizeable portion is generated from the UK public and healthcare sectors, which exposes it to the risk of any change in the UK Government's policy on IT spending. However, Mastek's three decades of experience in delivering critical programmes for the UK Government mitigates the risk to an extent.

Margins vulnerable to competition, wage inflation, forex fluctuations and pricing pressure – Mastek's profit margins remain susceptible to the pricing pressure and wage inflation as it operates in the intensely competitive IT services industry. Moreover, its revenues and margins are exposed to forex risks as revenues are derived from the international market. Nonetheless, its hedging mechanisms mitigate this risk to some extent. Further, the emerging shift towards AI/GenAI-led delivery models necessitates higher investments in research and development, which may exert additional margin pressures amid rising client expectations for AI driven efficiencies.

Industry specific challenges like exposure to macroeconomic environment, policies in key operating markets, employee attrition, etc. – Mastek derives over 55-60% of its revenues from the UK and Europe and 23-27% from the US, exposing it to macroeconomic conditions and potential regulatory or legislative changes in these key markets. Unlike other peers, the company has significant presence in the UK and Europe where it is expected to benefit from the recent trade deals with these geographies over the medium term. However, the growing presence in the US market exposes the company to evolving regulatory developments including the proposed HIRE Act. However, given Mastek's relatively limited presence and moderate revenue contribution from the US, any potential impact from such policy changes is expected to be limited. Further, given the labour-intensive nature of the business, talent availability and retention remain critical. Nonetheless, the company's attrition has moderated over the past year but remains higher than its industry peers with last twelve months (LTM) at 17.6% as on December 31, 2025 (20.1% as on December 31, 2024).

Environment and social risks

Environmental considerations: Given its service-oriented business, Mastek’s direct exposure to environmental risks as well as those emanating from regulations or policy changes is not material.

Social considerations: Like other Indian IT service companies, Mastek faces the risk of data breaches and cyberattacks that could affect the large volumes of customer data that it manages. Any material lapses on this front could result in substantive liabilities, fines, or penalties and reputational impact. Also, Mastek remains exposed to the risk of changes in immigration laws in the key developed markets where it provides its services. While such changes would be motivated by those economies' own social and political considerations, they could have the effect of heightening the competition among IT players for skilled workforce leading to higher attrition rates and may have an adverse impact on profitability. Managing various facets of human capital, including skills, compensation, and training, is in any case a key differentiating factor among IT companies.

Liquidity position: Adequate

Mastek’s liquidity position is Adequate, supported by healthy internal accrual generation and cash, fixed deposit and investment balance of around Rs. 655 crore, as well as unutilised working capital limits of Rs. 56 crore as on September 30, 2025. The company has repayment obligations of around \$ 14.1 million (Rs. 125-127 crore) in H2 FY2026 and around \$16.52 million (around Rs. 150 crore) in FY2027, which are expected to be met through available liquidity and operational cash flows.

Rating sensitivities

Positive factors – ICRA could upgrade Mastek’s long-term rating, if the company’s business profile strengthens further supported by increase in scale of operations, while maintaining profitability, credit metrics and liquidity.

Negative factors – Pressure on Mastek’s ratings may arise, if any significant reduction in the company’s revenues and profitability weakens the RoCE. The ratings may be downgraded if any increase in working capital intensity impacts the liquidity position, or any significant debt-funded acquisition(s) weakens the debt coverage indicators. Specific credit metrics that could lead to ratings downgrade include Total Debt/OPBDITA above 1.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	IT - Software & Services Corporate Credit Rating Methodology
Parent/group Support	Not Applicable
Consolidation/standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Mastek. The consolidated entities are all enlisted in Annexure-II.

About the company

Mastek (formerly known as Management and Software Technology Private Limited) was incorporated in 1982. It is an IT services company providing enterprise digital and cloud transformation services to the Government/public sector, healthcare, life science, retail, and financial services sectors. The company’s service offerings include application development, Oracle suite and cloud migration, digital commerce, application support & maintenance, BI & analytics, assurance & testing and agile consulting. Evosys, a Mastek company, is an Oracle platinum partner and a leading Oracle cloud implementation and consultancy company, serving more than 1,000 Oracle cloud customers across more than 30 countries. MST Solutions, a Mastek company, is an independent Salesforce consulting and system integration partner, focussed on the Southwest US region. BizAnalytica, a Mastek company based in the US, offers end-to-end data, cloud and modernisation solutions to clients.

Key financial indicators (audited)

Mastek (consolidated)	FY2024	FY2025	9M FY2026*
Operating income	3054.8	3455.2	2760.8
PAT	311.0	375.9	297.9
OPBDIT/OI	16.7%	15.8%	15.5%
PAT/OI	10.2%	10.9%	10.8%
Total outside liabilities/Tangible net worth (times)	0.7	0.5	-
Total debt/OPBDIT (times)	1.0	1.1	-
Interest coverage (times)	11.4	13.0	17.3

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating	
Cash credit	Long-Term	50.00	Mar 05, 2026	[ICRA]AA-(Stable)	Feb 28, 2025	[ICRA]AA-(Stable)	Feb 05, 2024	[ICRA]AA-(Stable)	Mar 02, 2023	[ICRA]AA-(Stable)	
Non-Fund based Limits	Short-Term	50.00	Mar 05, 2026	[ICRA]A1+	Feb 28, 2025	[ICRA]A1+	Feb 05, 2024	[ICRA]A1+	Mar 02, 2023	[ICRA]A1+	
Fund based/non-fund based	Long-Term/ Short-Term	6.00	Mar 05, 2026	[ICRA]AA-(Stable)/ [ICRA]A1+	Feb 28, 2025	[ICRA]AA-(Stable)/ [ICRA]A1+	Feb 05, 2024	[ICRA]AA-(Stable)/ [ICRA]A1+	Mar 02, 2023	[ICRA]AA-(Stable)/ [ICRA]A1+	
Non-Fund based facilities	Long-Term	-	Mar 05, 2026	-	Feb 28, 2025	[ICRA]AA-(Stable)	Feb 05, 2024	[ICRA]AA-(Stable)	Mar 02, 2023	[ICRA]AA-(Stable)	

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund Based Limits – Cash credit	Simple
Short-term – Non-Fund based Limits	Simple
Long-term/short-term – Fund based/non-fund based	Simple

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	Long Term - Fund Based Limits – Cash credit	NA	NA	NA	50.00	[ICRA]AA- (Stable)
NA	Short Term – Non-Fund based Limits	NA	NA	NA	50.00	[ICRA]A1+
NA	Long Term/Short Term – Fund based/non-fund based	NA	NA	NA	6.00	[ICRA]AA- (Stable)/ [ICRA]A1+

Source: Company

[Please Click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	Mastek ownership	Consolidation approach
Mastek (UK) Limited	100%	Full Consolidation
Mastek Inc.	100%	Full Consolidation
Trans American Information Systems Inc.	100%	Full Consolidation
Mastek Digital Inc.	100%	Full Consolidation
Mastek Arabia FZ – LLC	100%	Full Consolidation
Evolutionary Systems Consultancy LLC	49%	Full Consolidation
Mastek Systems Pty. Ltd.	100%	Full Consolidation
Mastek Systems Bahrain WLL	100%	Full Consolidation
Mastek Arabia Systems Egypt LLC	100%	Full Consolidation
Evosys Kuwait WLL*	49%	Full Consolidation
Newbury Cloud Inc	100%	Full Consolidation
Mastek Systems B.V.	100%	Full Consolidation
Evolutionary Systems Qatar WLL	49%	Full Consolidation

Company name	Mastek ownership	Consolidation approach
Mastek Information Technology Company LLC	100%	Full Consolidation
Mastek Systems (Singapore) Pte. Ltd.	100%	Full Consolidation
Mastek Systems Company Limited	100%	Full Consolidation
Evolutionary Systems Corp.	100%	Full Consolidation
Evolutionary Systems Canada Limited	100%	Full Consolidation
Metasoftech Solutions LLC	100%	Full Consolidation
BizAnalytica LLC	100%	Full Consolidation
Mastek Systems Malaysia SDN. BHD	100%	Full Consolidation

Source: Q3FY2026 result and annual report FY2025; under voluntary liquidation w.e.f. 04 June 2025

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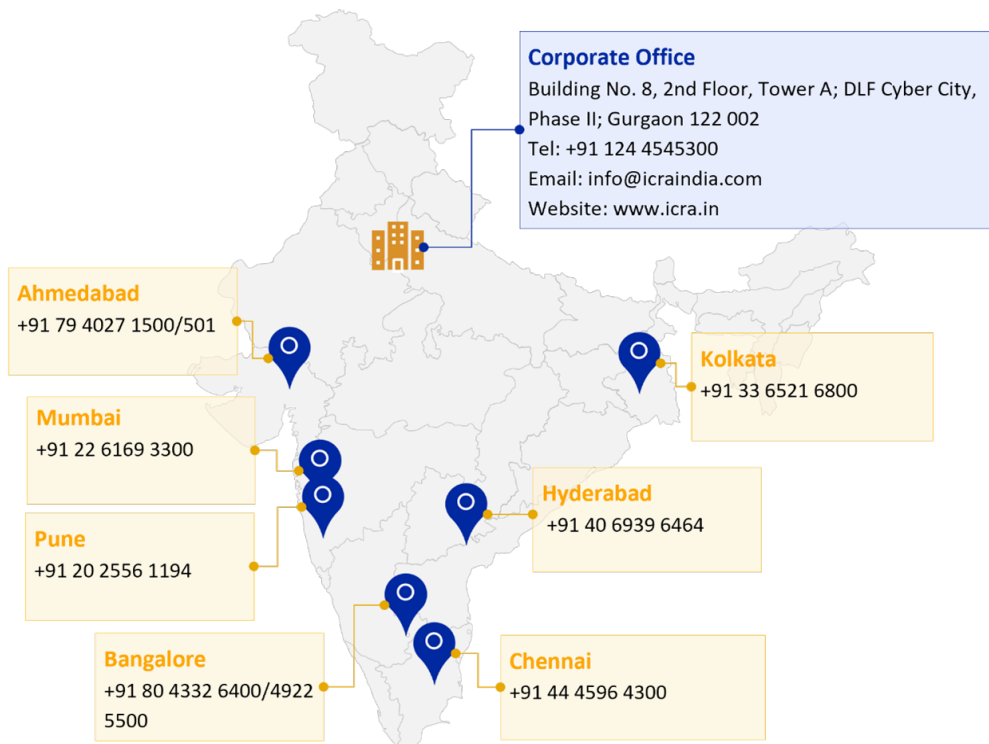


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