

March 5, 2025

Embee Software Private Limited: Update on material event

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating outstanding
Long term – Fund-based Limits – Working Capital Facilities	105.50	105.50	[ICRA]BBB (Stable)
Long term/ short term – Non-Fund based Limits – Working Capital Facilities	39.50	39.50	[ICRA]BBB (Stable)/ [ICRA]A3+
Total	145.00	145.00	

*Instrument details are provided in Annexure I

Rationale

Material Event

Embee Software Private Limited (Embee) has shared its FY2024 audited financials on February 24, 2025. The top line of the company stood at around Rs. 1,904 crore in FY2024 as against around Rs. 1,673 crore in FY2023, registering a YoY growth of around 14%. The company reported an improvement in the operating and net margin to 1.6% (0.9% in FY2023) and 0.6% (0.2% in FY2023) respectively in FY2024. Despite an improvement in the profitability, increased interest expenses have kept the interest cover of the company under pressure in FY2024. Nevertheless, at an absolute level, the net profit was higher at around Rs. 14.0 crore vis-à-vis around Rs. 1.6 crore in FY2023.

Impact of Material Event

ICRA has noted the overall increase in the debt level of the company in FY2024 compared to FY2023. Despite some improvement witnessed in FY2024 on YoY basis, the debt protection metrics of the company remained below ICRA's expectations. ICRA has been engaging with the company to understand the reasons for the same as well as the outlook for the company. ICRA will continue to monitor the developments and assess the company's credit profile once clarity emerges on the same.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology IT - Software & Services
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of the entity

About the company

Incorporated in 1988, Embee Software Private Limited (Embee) was originally promoted by Mr. Sudhir Kothari based in Kolkata. The company mainly acts as an information technology (IT) solution provider to corporate customers through consulting, systems integration, managed services etc. In 2011, the company was awarded the large account reseller (LAR) status by

Microsoft for volume licensing business. The company won the Microsoft MWP – Partner of the Year Award, India 2022 and SAP Emerging Partner of the Year Award 2023. The company generates around 85% of its revenue from Microsoft products and continues to have strategic tie-ups with other globally renowned principals like SAP, Adobe, HP, Cisco, Epson etc.

Noventiq Group Inc. (formerly known as Softline Group Inc.), through its Indian arm, Noventiq Services India Private Limited (formerly known as Softline Services India Private Limited), acquired a 94.71% stake in Embee Software Private Limited in FY2021. The balance 5.29% stake was acquired by Noventiq Holding PLC from Embee Consulting Services Pte. Ltd in FY2023. Noventiq Group is a licensing solution partner of Microsoft at a global level. Earlier, it was planned that Embee would get merged with its parent company, Noventiq Services India Private Limited. However, the same has been kept on hold, at present.

Key financial indicators (audited)

Embee, Standalone	FY2023	FY2024
Operating income	1,672.6	1,904.3
PAT	4.0	12.3
OPBDIT/OI	0.9%	1.6%
PAT/OI	0.2%	0.6%
Total outside liabilities/Tangible net worth (times)	7.7	7.6
Total debt/OPBDIT (times)	5.6	4.2
Interest coverage (times)	1.3	1.9

Source: Embee Software Private Limited, 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

Current rating (FY2025)				Chronology of rating history for the past 3 years					
				FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Mar 5, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based – Working Capital Facilities	Long term	105.50	[ICRA]BBB (Stable)	Jan 11, 2024	[ICRA]BBB (Stable)	Nov 30, 2022	[ICRA]BBB+ (Stable)	Aug 19, 2021	[ICRA]BBB+ (Stable)
Non-Fund based – Working Capital Facilities	Long term/ Short Term	39.50	[ICRA]BBB (Stable)/ [ICRA]A3+	Jan 11, 2024	[ICRA]BBB (Stable)/ [ICRA]A3+	Nov 30, 2022	[ICRA]BBB+ (Stable)/ [ICRA]A2	Aug 19, 2021	[ICRA]BBB+ (Stable)/ [ICRA]A2

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based Limits – Working Capital Facilities	Simple
Long-term/ Short-term – Non-Fund based Limits – Working Capital Facilities	Very 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	Inventory Funding	-	-	-	20.00	[ICRA]BBB (Stable)
NA	Invoice Discounting	-	-	-	20.00	[ICRA]BBB (Stable)
NA	Cash Credit/ WCDL 1	-	-	-	18.50	[ICRA]BBB (Stable)
NA	Cash Credit/ WCDL 2	-	-	-	30.00	[ICRA]BBB (Stable)
NA	Channel Finance	-	-	-	17.00	[ICRA]BBB (Stable)
NA	Bank Guarantee 1	-	-	-	24.50	[ICRA]BBB (Stable)/ [ICRA]A3+
NA	Bank Guarantee 2	-	-	-	15.00	[ICRA]BBB (Stable)/ [ICRA]A3+

Source: Embee Software Private Limited

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

Annexure II: List of entities considered for consolidated analysis

Not applicable

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