

October 07, 2025

## C-Edge Technologies Limited: Ratings reaffirmed

### Summary of rating action

| Instrument*                                            | Previous rated amount<br>(Rs. crore) | Current rated amount<br>(Rs. crore) | Rating action                            |
|--------------------------------------------------------|--------------------------------------|-------------------------------------|------------------------------------------|
| Long-term/short-term – Non-fund based - Bank guarantee | 20.00                                | 20.00                               | [ICRA]AA- (Stable)/[ICRA]A1+; reaffirmed |
| <b>Total</b>                                           | <b>20.00</b>                         | <b>20.00</b>                        |                                          |

\*Instrument details are provided in Annexure I

### Rationale

The reaffirmation of ratings for C-Edge Technologies Limited (C-Edge) favourably factors in its strong parentage and financial flexibility, along with technological and business support arising from being a joint venture (JV) of Tata Consultancy Services Limited (TCS) and State Bank of India (SBI). C-Edge provides core banking solutions (CBS) on an outsourced application service provider (ASP) model, and value-added services like internet banking, mobile banking, UPI, etc., to various cooperative banks and Regional Rural Banks (RRB). The high switching costs of CBS and value-added service offerings ensure customer retention and repeat revenue for the business.

In FY2025, the company posted strong YoY revenue growth of 39% driven by improved contract pricing, new client wins and increasing revenue contribution from new services like cybersecurity and fraud risk management. This, coupled with lower outsourcing costs and one-time revenue benefits, supported the expansion in operating margins to 38.3% in FY2025 from 32.2% in FY2024. ICRA expects growth to moderate in the next fiscal due to high base effect and the impact arising on account of RRB consolidation to 28 from 43 under the 'One State-One RRB' policy. Going forward, margins are also expected to normalise at 30-32% in the absence of one-time cost and revenue gains. However, the company's investment in building additional service lines like internet banking, mobile banking, UPI, etc., in the recent fiscals enables it to diversify its revenue base and support growth. Additionally, the ratings continue to factor in C-Edge's strong financial risk profile, characterised by healthy operating profitability, strong capital structure with an external debt-free status along with robust coverage metrics and liquidity position.

The ratings are, however, constrained by the relatively moderate size of the CBS business, which remains a key impediment in the scaling up of the company's operations. As some part of C-Edge's revenue is based on the number of branches, any consolidation by the Government of India/Reserve Bank of India (RBI) for RRBs, public sector banks and cooperative banks may impact its revenue generation, going forward. Additionally, retention and development of talent in the information technology (IT) sector in India, remains a key challenge. Nevertheless, the company's attrition levels have moderated in line with industry trends. Moreover, C-Edge faces increasing cyber risks that threaten service continuity and data integrity and continued investment in IT infrastructure is essential to mitigate such risks effectively.

The Stable outlook on the long-term rating reflects ICRA's opinion that C-Edge will continue to benefit from its strong parentage in terms of technical support for its technology and banking domains from both SBI and TCS, enabling its growth.

## Key rating drivers and their description

### Credit strengths

**Strong parent support; strengths arising from being a JV of TCS and SBI** – The company is a 51:49 joint venture (JV) between TCS and SBI. This strategic partnership combines TCS's deep expertise in technology and digital transformation with SBI's domain knowledge and leadership in banking. In addition, the strong parentage provides financial flexibility.

**Domain expertise and established market position in ASP-based CBS, coupled with digital offering ensure repeat revenues**

– The company is a dominant player in the SAAS/ASP-based CBS market, servicing more than 175 banks. C-Edge's customers are RRBs and cooperative banks, which do not have the wherewithal to invest in an on-premise CBS. In the recent years, along with CBS, the company is also providing value-added services like internet banking, mobile banking, UPI, and other digital services to its customers. The high switching costs of CBS, coupled with value-added service offerings, ensure customer lock-in and repeat revenue for the business.

**Strong financial profile** – C-Edge's financial profile remains strong characterised by steady revenue growth, healthy earnings, net-debt negative status and strong liquidity position. The company's capital structure remains comfortable on the back of healthy accruals with an aggregate net worth of Rs. 513.9 crore as on March 31, 2025. The leverage and coverage indicators remain strong with Total Debt/OPBITDA at 0.1 times and interest coverage of 94.9 times in FY2025. The financial risk profile is expected to remain comfortable on the back of healthy profitability, operational cash flows and comfortable capital structure with limited dependence on external borrowings.

### Credit challenges

**Limited market size for ASP business constrains scale of operations, mergers of public sector banks and RRBs, restricting growth potential to an extent**

– The ASP business for CBS and related services are expected to remain a dominant segment, driving C-Edge's revenues, going ahead. As the market size for the ASP-based CBS business is limited, the company's ability to scale-up its revenues further by extending its dominance in the CBS market and penetrating further into other financial solutions would remain a key rating sensitivity. For improving its revenue generating capability from the existing clients, C-Edge offers internet banking, mobile banking, UPI, and other digital services. In the recent years, the company has also invested in building newer capabilities to increase its non-CBS revenue stream in the medium to long term. Further, the revenues are vulnerable to the regular consolidation exercise undertaken by the GoI for RRBs across states, and merger of public sector and cooperative banks, resulting in reduction in the total number of branches serviced by C-Edge. The recent consolidation of RRBs to 28 from 43 under the 'One State-One RRB' policy is expected to result in reduction in RRB branches serviced by C-edge from 6,000 to 5,200 from moderating revenue growth over the near term. However, the company's investment in building newer capabilities focused on District Central Co-operative Banks (DCCBs) in the recent fiscals, is expected to support growth over the near to medium term.

**Retention and development of talent in growing IT sector in India, where high attrition remains a challenge** – C-Edge's last twelve month (LTM) attrition rate has moderated to 14% in FY2025 (20% in FY2024) in line with broader industry trends. While the same is expected to remain stable in the near term, the overall retention and talent development on a sustained basis, remain a challenge for the IT sector in India.

## Liquidity position: Strong

The company's liquidity position remains strong, aided by healthy operating cash flows and unencumbered cash/cash equivalents of Rs. 341.7 crore as on March 31, 2025. The company in FY2026 is expected to incur an aggregate capex of Rs. 80 crore. The company has no repayment obligations, given its external debt-free structure. In addition, the strong parentage continues to provide financial flexibility.

## Rating sensitivities

**Positive factors** – ICRA could upgrade C-Edge's long-term rating if the company is able to significantly scale-up its operations, while maintaining its profitability and credit metrics.

**Negative factors** – Pressure on C-Edge's ratings may arise in case of weakening in the credit profile of the parent companies, or if there is a considerable decline in the scale of operations, profitability or weakening of its liquidity position.

## Analytical approach

| Analytical approach             | Comments                                                                                                                              |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Applicable rating methodologies | <a href="#">Corporate Credit Rating Methodology</a><br><a href="#">IT-Software &amp; Services</a>                                     |
| Parent/Group support            | ICRA expects C-Edge's parent, TCS (rated [ICRA]AAA (Stable)/[ICRA]A1+), to be willing to extend financial support to it, if required. |
| Consolidation/Standalone        | Standalone                                                                                                                            |

## About the company

C-Edge is a technology, infrastructure, and services provider to banks in the country. It is a JV company set up by TCS and SBI in January 2006. TCS holds a 51% and SBI holds a 49% of C-Edge's equity shares. It primarily has two lines of business—(i) core banking solutions and related services on an outsourced ASP model; and (ii) time and material business. Under the ASP business division, C-Edge provides CBS on an outsourced ASP model to enable banks to integrate all branches, with a single view for effective management and control. Under the time and material business division, the company leases out trained IT manpower to companies on a contractual basis.

## Key financial indicators (audited)

| C-Edge – Standalone                                  | FY2024 | FY2025 |
|------------------------------------------------------|--------|--------|
| Operating income                                     | 422.9  | 587.1  |
| PAT                                                  | 94.8   | 153.6  |
| OPBDIT/OI                                            | 32.2%  | 38.3%  |
| PAT/OI                                               | 22.4%  | 26.2%  |
| Total outside liabilities/Tangible net worth (times) | 0.3    | 0.3    |
| Total debt/OPBDIT (times)                            | 0.2    | 0.1    |
| Interest coverage (times)                            | 65.7   | 94.9   |

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

| Current rating                |                      |                         |                             | Chronology of rating history for the past 3 years |                             |              |                             |              |                             |
|-------------------------------|----------------------|-------------------------|-----------------------------|---------------------------------------------------|-----------------------------|--------------|-----------------------------|--------------|-----------------------------|
| FY2026                        |                      |                         |                             | FY2025                                            |                             | FY2024       |                             | FY2023       |                             |
| Instrument                    | Type                 | Amount rated (Rs crore) | Oct 07, 2025                | Date                                              | Rating                      | Date         | Rating                      | Date         | Rating                      |
| Non Fund Based-Bank Guarantee | Long-term/short-term | 20.00                   | [ICRA]AA-(Stable)/[ICRA]A1+ | Oct 23, 2024                                      | [ICRA]AA-(Stable)/[ICRA]A1+ | -            | -                           | -            | -                           |
| Non Fund Based-Others         | Long-term/short-term | -                       | -                           | -                                                 | -                           | Sep 07, 2023 | [ICRA]AA-(Stable)/[ICRA]A1+ | Aug 25, 2022 | [ICRA]AA-(Stable)/[ICRA]A1+ |

### Complexity level of the rated instruments

| Instrument                                              | Complexity indicator |
|---------------------------------------------------------|----------------------|
| Long-term/ Short-term - Non-fund-based – Bank Guarantee | 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   | Long-term/<br>Short-term -<br>Non-fund based<br>limits (Bank<br>guarantee) | NA               | NA          | NA       | 20.00                    | [ICRA]AA- (Stable)/<br>[ICRA]A1+ |

Source: Company

#### Annexure II: List of entities considered for consolidated analysis - Not Applicable

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## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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