

March 03, 2026

## Digitide Solutions Limited: Rating reaffirmed and assigned for enhanced amount

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term/Short Term – Fund-based limits	125.00	295.00	[ICRA]A+ (Stable)/[ICRA]A1+; reaffirmed/assigned for enhanced amount
Short Term – Non-fund based limits – Bank Guarantee	85.00	-	-
Long Term/Short Term – Unallocated limits	40.00	5.00	[ICRA]A+ (Stable)/[ICRA]A1+; reaffirmed
Long Term/Short Term – Interchangeable limits	(100.00)	(175.00)	[ICRA]A+ (Stable)/[ICRA]A1+; reaffirmed/assigned for enhanced amount
Commercial Paper	100.00	100.00	[ICRA]A1+; reaffirmed
<b>Total</b>	<b>350.00</b>	<b>400.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The assigned ratings factor in Digitide Solutions Limited's (DSL) strong market position in the business process management (BPM) segment and the extensive experience of its promoters in the industry, in addition to its growing presence in the digital engineering, data analytics and artificial intelligence (AI) segments. Besides, it has a reputed client base across end-user industries including banking, financial services & insurance (BFSI), manufacturing, healthcare and fast growth tech (FGT), etc. DSL's robust financial profile, characterised by strong debt metrics, healthy profitability and a comfortable liquidity position, further underpins the ratings. ICRA also notes that the company enjoys financial flexibility owing to its robust promoter profile, wherein one of the promoters, Fairfax Financial Holdings (Fairfax; rated Baa2 (Stable) by Moody's), holds an approximately 34.1% stake in DSL.

The company witnessed a revenue growth of 6.3% in FY2025, supported by a healthy rise of the BPM segment, which increased by around 14.2% during the year. In contrast, the Tech & Digital segment witnessed a decline in revenues due to ramp-down of certain non-core, low-efficiency businesses. In 9M FY2026, Digitide reported a year-over-year (YoY) revenue growth of 6.4% supported by ramp-up in the Tech & Digital Segment. In Q3 FY2026, the Tech & Digital segment reported a YoY revenue growth of 18.6%. ICRA expects the company's revenues to continue the healthy growth in Q4 FY2026, supported by continued expansion in both BPM and tech & digital segments. DSL's operating profit margin (OPM) stood at around 13.9% in FY2025. The company witnessed a contraction in its OPM in 9M FY2026 to 11.2% due to continued investments in manpower and leadership following the demerger. Despite the contraction, DSL's OPM remains healthy and is expected to improve in FY2027. The net profit margin of the company stood at 3.8% in FY2025, due to exceptional items of around Rs. 25 crore related to discontinued projects and demerger-related expenses. Excluding the above, the profit after tax (PAT) margin would have been at 4.6%. The profit margin moderated further in 9M FY2026 to 0.5% on account of exceptional items of around Rs. 49 crore. The exceptional items in 9M FY2026 pertain to demerger-related expenses, taxes on dividends from AllDigi and the impact of the new labour code. The company's net profit was also impacted by moderation in OPM. DSL's capital structure remained strong with no external long-term debt on the balance sheet (excluding lease liabilities) as on March 31, 2025. Its debt metrics continue to be comfortable, with TD/TNW at 0.4 times and TD/OPBDITA at 0.9 times as on March 31, 2025. DSL's capital structure continued to have minimal external long-term debt, although the company witnessed an increase in lease liabilities. Its debt metrics moderated slightly, with TD/TNW at 0.5 times and TD/OPBITDA at 1.3 times as on September 30, 2025. ICRA expects that DSL would maintain its strong financial risk profile, supported by healthy cash accruals, comfortable capital structure and coverage indicators.

The ratings also consider DSL's moderate sectoral concentration risks as BFSI accounted for around 54% of its revenues in FY2025. However, its strong market position in the BFSI BPM segment, diversified geographical presence and its long-standing relationships with key customers in the BFSI industry mitigate the risk to an extent. ICRA also notes that the company's profitability remains exposed to intense competition and the continual wage increase and high attrition rates prevalent in the business process outsourcing (BPO) and information technology (IT) services industry. ICRA also notes it plans to grow inorganically through acquisitions in the short-to-medium term. Any debt-funded acquisition or higher-than-anticipated upstreaming of funds, impacting the company's credit metrics, will remain a key monitorable.

ICRA also notes that the company is exposed to the risks and opportunities associated with the advent of AI in the IT Services industry. The operating model (including aspects of service delivery, pricing, and talent management) is expected to change, which will bring execution and adaptation risks. At the same time, new revenue opportunities will emerge for IT services companies which could somewhat offset the disruption caused to the existing operating model. While Digitide has invested heavily in developing its AI-readiness, it is yet to be seen how these trends take shape, and the impact of the same will remain a key monitorable for DSL.

DSL has stated its intent to grow its revenues through strategic acquisitions. Any significant debt-funded expansion or acquisition plans, impacting the company's credit metrics, will remain an event risk and would be evaluated on a case-to-case basis.

The Stable outlook on the long-term rating reflects ICRA's expectation that DSL is likely to sustain its strong market position and healthy financial profile, even as its operating margins may be impacted to an extent due to the ongoing investments in leadership, product development and delivery capabilities.

## Key rating drivers and their description

### Credit strengths

**Established track record and strong market position in the BPM segment** – DSL has a proven operational track record in the BPM industry with an experience of more than 20 years. It benefits from the robust relationship that it has developed with renowned customers in the BFSI, manufacturing, healthcare and FGT domains. DSL is one of the largest players in the domestic BPM industry with an associate employee count of around 55,000 as on March 31, 2025. ICRA expects its revenues to witness a healthy growth in Q4 FY2026 and FY2027, supported by continued expansion in the BPM segment.

**Reputed client base across industries** – The company enjoys a reputed client base across industries such as BFSI, manufacturing, healthcare and FGT, etc. DSL's long relationships with marquee clients lead to sizeable recurring revenues over the years. The company's customer concentration remains low, with the top 10 customers contributing 36% to its revenues in FY2025.

**Strong financial risk profile, characterised by healthy profitability, low leverage and comfortable liquidity position** – The company witnessed a revenue growth of 6.3% in FY2025, supported by a healthy growth of the BPM segment, which grew by around 14.2% during the year. In contrast, the Tech & Digital segment witnessed a decline in revenues due to ramp-down of certain non-core, low-efficiency businesses. In 9M FY2026, Digitide reported a YoY revenue growth of 6.4%, supported by ramp-up in the Tech & Digital Segment. In Q3 FY2026, the Tech & Digital segment reported a YoY revenue growth of 18.6%. ICRA expects the company's revenues to continue its healthy growth in Q4 FY2026, supported by continued expansion in both BPM and Tech & Digital segments. DSL's OPM stood at around 13.9% in FY2025. The company witnessed a contraction in 9M FY2026 to 11.2% due to continued investments in manpower and leadership following the demerger. Despite the contraction, OPM continues to remain healthy and is expected to continue being stable in Q4 FY2026. The net profit margin of the company stood at 3.8% in FY2025 due to exceptional items of around Rs. 25 crore related to discontinued projects and demerger-related expenses. Excluding the above, the PAT margin would have been at 4.6%. The profit margin moderated further in 9M FY2026 to 0.5% on account of exceptional items of around Rs. 49 crore. The exceptional items in 9M FY2026 were demerger-related expenses, taxes on dividends from AllDigi and the impact of the new labour code. The company's net profit was also impacted by moderation in OPM. DSL's capital structure continued to be strong, with no external long-term debt on the balance sheet (excluding lease liabilities) as on March 31, 2025. The company's debt metrics remain comfortable, with TD/TNW at 0.4 times and TD/OPBDITA at 0.9 times as on March 31, 2025. DSL's capital structure continued to have minimal external long-term debt, although the company witnessed an increase in lease liabilities. Its debt metrics moderated

slightly, with TD/TNW standing at 0.5 times and TD/OPBITDA at 1.3 times as on September 30, 2025. ICRA expects that DSL would maintain its strong financial risk profile, supported by healthy cash accruals, comfortable capital structure and coverage indicators. Any significant debt-funded expansion or acquisition plans, impacting the company's credit metrics, will remain an event risk and would be evaluated on a case-to-case basis.

### Credit challenges

**Moderate sectoral concentration risk** – DSL's revenues are exposed to moderate sectoral concentration risks as the BFSI segment accounted for 54% of its revenues in FY2025 and 53% of its revenues in H1 FY2026. However, its strong market position in the BFSI BPM segment, diversified geographical presence and its long-standing relationships with key customers in the BFSI industry mitigate the risk to an extent.

**Exposure to high attrition, continual wage increases, and foreign exchange (forex) risks inherent in IT services and BPO industry** – The company is operating in the IT services and BPO industry, which is characterised by continual wage increases and high attrition rates. Thus, its profitability remains exposed to fluctuations in hiring/ training costs for its employees. Further, DSL has a presence across geographies with revenues denominated in foreign currency, exposing it to forex risks.

**Intense competition from a large number of players in domestic market** – The company derives a sizeable portion of its revenues from the BPO industry, where it faces stiff competition from several organised and unorganised players. As outsourcing is primarily driven by cost savings, the industry remains competitive about pricing the services. ICRA expects DSL's ability to embed AI and automation into its service delivery model along with an increasing share of the Tech & Digital segment is likely to mitigate this risk to a certain extent, going forward.

### Environment and social risks

**Environmental considerations** – The company's exposure to environmental risks remains low as it is present in the BPM industry. DSL is reducing its resource consumption by ensuring better energy efficiency standards and recycling waste.

**Social considerations** – DSL operates in the business process management industry, which faces moderate social risks. These include regulatory changes, employee management challenges and broader political or economic developments that could impact operations. However, the organised sector's emphasis on compliance and streamlined labour codes provides some support. Additionally, changes in immigration laws in key developed markets driven by social and political factors may intensify competition for skilled talent, potentially increasing attrition and affecting profitability.

### Liquidity position: Strong

DSL's liquidity position is strong, aided by healthy cash flow generation, cash and liquid investments of Rs. 162.2 crore as on September 30, 2025 (on a consolidated basis) and a cushion available in the form of unutilised fund-based working capital limits of Rs. 265 crore as on September 30, 2025, and Rs. 295 crore as on December 31, 2025. For the August 2025 to December 2025 period, DSL's fund-based utilisation remained low with average month-end utilisation against sanctioned limits of 14%. Moreover, the company's low debt levels (excluding lease liabilities) continue to support its financial flexibility. Going forward, any significant debt-funded expansion or acquisition plans, impacting its credit metrics, will remain an event risk and would be evaluated on a case-to-case basis.

### Rating sensitivities

**Positive factors** – The rating could be upgraded if DSL demonstrates a healthy growth in its revenues, profitability and accruals while maintaining its comfortable credit metrics and liquidity position on a sustained basis.

**Negative factors** – Pressure on the ratings could arise if there is a decline in DSL's accruals or any debt-funded acquisition results in a material increase in the debt levels on a sustained basis. Specific credit metrics that could lead to ratings

downgrade include total debt/ OPBDITA above 2.0 times on a sustained basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">IT - Software &amp; Services</a> <a href="#">Corporate Credit Rating Methodology</a>
Parent/group Support	Not Applicable
Consolidation/standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Digitide.

## About the company

Digitide Solutions Limited (DSL) was incorporated in February 2024 in Bengaluru and is promoted by Mr. Ajit Isaac and Fairfax. The company was created out of the demerger of the global technology solutions (GTS) segment from Qness Corp Limited. DSL is a BPM, digital and technology services provider with major presence in the BFSI, manufacturing, healthcare and FGT domains. Its services include payroll processing, insurance processing, AI-led digital solutions, customer relationship management (CRM) digitisation, tele-sales support, non-voice BPO services and IT services. The company has presence across 40 locations in five countries and a workforce of around 55,000 employees. It also holds a 73.39% stake in Alldigi Tech Limited.

## Key financial indicators (audited)

DSL (consolidated)	FY2025	9M FY2026*
Operating income (OI)	2875.0	2280.2
PAT	108.0	10.5
OPBDITA/OI	13.9%	11.2%
PAT/OI	3.8%	0.5%
Total outside liabilities/Tangible net worth (times)	0.8	-
Total debt/OPBDITA (times)	0.9	-
Interest coverage (times)	10.0	-

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

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: Not applicable**

### Rating history for past three years

Instrument	Current rating(FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	March 03, 2026	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
<b>Non-fund based - Bank guarantee</b>	Short-term	-	-	September 02, 2025	[ICRA]A1+	-	-	-	-	-	-
<b>Commercial Paper</b>	Commercial Paper	100.00	[ICRA]A1+	September 02, 2025	[ICRA]A1+	-	-	-	-	-	-
<b>Unallocated limits</b>	Long-term/Short-term	5.00	[ICRA]A+(Stable)/[ICRA]A1+	September 02, 2025	[ICRA]A+(Stable)/[ICRA]A1+	-	-	-	-	-	-
<b>Fund-based - Others</b>	Long-term/Short-term	295.00	[ICRA]A+(Stable)/[ICRA]A1+	September 02, 2025	[ICRA]A+(Stable)/[ICRA]A1+	-	-	-	-	-	-
<b>Interchangeable limits</b>	Long-term/Short-term	(175.00)	[ICRA]A+(Stable)/[ICRA]A1+	September 02, 2025	[ICRA]A+(Stable)/[ICRA]A1+	-	-	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term/Short Term – Fund-based Limits	Simple
Long Term/Short Term – Interchangeable limits	Simple
Long Term/Short Term – Unallocated limits	NA
Commercial Paper	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	Fund-based Limits	NA	NA	NA	295.00	[ICRA]A+ (Stable)/[ICRA]A1+
NA	Interchangeable limits	NA	NA	NA	(175.00)	[ICRA]A+ (Stable)/[ICRA]A1+
NA	Unallocated limits	NA	NA	NA	5.00	[ICRA]A+ (Stable)/[ICRA]A1+
Not placed	Commercial Paper	NA	NA	NA	100.00	[ICRA]A1+

Source: Company

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### Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Alldigi Tech Limited	73.39%	Full consolidation
Alldigi Tech Inc, USA	100.00% by Alldigi Tech Limited	Full consolidation
Alldigi Tech Manila Inc., Philippines	100.00% by Alldigi Tech Limited	Full consolidation
Brainhunter Systems Limited	81% by MFXchange Holdings Inc. and 19% by Digitide Solutions Limited	Full consolidation
Heptagon Technologies Private Limited	100%	Full consolidation
MFXchange (USA), Inc.	100% by MFXchange Holdings Inc.	Full consolidation
MFXchange Holdings, Inc.	55.68% by Digitide Solutions Limited and 44.32% by Qess Corp. (USA) Inc	Full consolidation
Mindwire Systems Limited	100% by Brainhunter Systems Limited	Full consolidation
Qess Corp (USA) Inc.	100%	Full consolidation
Qess GTS Canada Holdings Inc.	100% by Qess Corp (USA) Inc.	Full consolidation

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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.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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## ICRA Limited

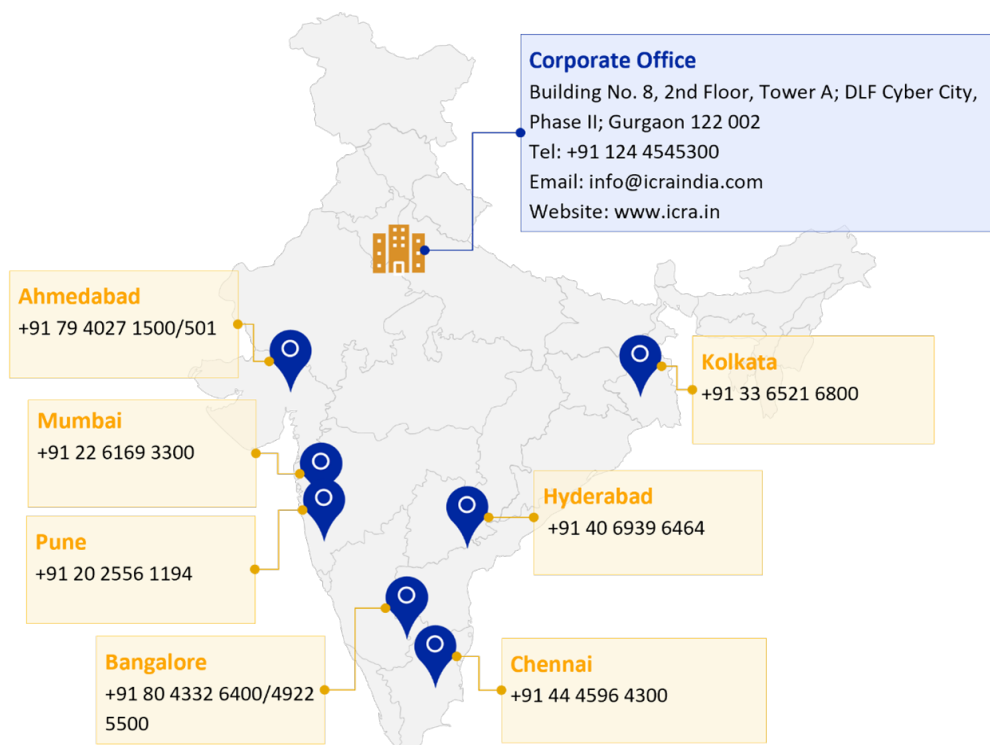


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### Branches



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