March 04, 2026

Datamatics Global Services Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/ Short-term – Fund-based/ Non-fund based limits	180.00	180.00	[ICRA]A+ (Stable)/ [ICRA]A1+; reaffirmed
Total	**180.00**	**180.00**	

**Instrument details are provided in Annexure I*

Rationale

The ratings reaffirmation for Datamatics Global Services Limited (DGSL) factors in its established operational track record, the promoters' extensive experience in IT services and business process management (BPM) industry, its diversified customer base with presence across key global markets and verticals, and its healthy financial risk profile, supported by steady accruals, and strong coverage metrics and liquidity position. The company reported year-on-year (YoY) revenue growth of 11.2% in FY2025 and 19.7% in 9M FY2026, partly driven by inorganic growth initiatives. While operating margins moderated to 13.4% in FY2025 due to cost pressures and a higher share of low margin geographies, margins improved to 17.8% in 9M FY2026 (from 12.6% in 9M FY2025), supported by cost efficiency measures and geographical mix enabling better margins. ICRA expects DGSL to witness revenue growth above the industry average in the current fiscal, with operating margins expected to remain stable at present levels.

ICRA also notes that despite carrying out debt-funded acquisition in FY2025, the company's capital structure remained comfortable supported by an overall net debt negative position, strong coverage metrics and healthy liquidity position. ICRA also notes DGSL's continued plans to grow inorganically in the near-to-medium term, which are likely to be funded through available surplus liquidity. However, any sizeable debt-funded acquisition can materially impact the company's financial risk profile and will be evaluated on a case-to-case basis.

The ratings, however, remain constrained by DGSL's moderate scale of operations and profitability compared to other major IT services players. Further, operating in the highly competitive IT industry exposes DGSL's profit margins to pricing pressure. Additionally, in line with industry participants, DGSL remains exposed to wage inflation, foreign currency fluctuations and talent acquisition and retention. Also, with a significant presence in the US, the company's business remains vulnerable to any regulations restricting outsourcing, as well as to the prevailing macro-economic headwinds in this market. The proposed Halting International Relocation of Employment (HIRE) Act, present potential risks to the Indian IT services sector, including DGSL. However, the full impact of the HIRE Act remains to be seen as the legislation remains under review and is not yet in effect. ICRA will continue to monitor developments to assess any potential impact on the company. Moreover, ICRA is cognisant of the evolving risks and opportunities arising from the growing adoption of Artificial intelligence (AI)/ Generative AI (GenAI) 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 be a key monitorable.

The Stable outlook on the long-term rating reflects ICRA's opinion that DGSL's credit profile will continue to be healthy, supported by its established position in the industry, healthy cash flow generation from operations and strong liquidity position.

Key rating drivers and their description

Credit strengths

Extensive operational track record in the IT services and BPM industry — The promoters of the company, along with its other senior management, have an extensive experience in the IT and BPM space, which has aided DGSL's growth over the years. Moreover, the Founder and Chairman of DGSL, Mr. Lalit Kanodia, has been associated with the IT services and solutions industry for the last five decades.

Diversified customer profile — The company has more than 300 significant customers worldwide. The company is present across sectors, such as banking, financial services and insurance (BFSI), technology and consulting, education and publishing, technology and consulting, manufacturing, logistics, and retail, among others. The company's largest segment—education and publishing—accounted for around 26% of revenues in 9M FY2026 (around 15% in 9M FY2025). The higher segment contribution was driven by the TNQ Tech acquisition, which provides pre-press, design and software services to leading global scientific, technology and medical publishers. Also, its top five customers accounted for about 26% of its total revenues in 9M FY2026.

Healthy financial profile, characterised by strong earnings and net debt-free status — DGSL's revenues grew by 11.2% in FY2025 and 19.7% in 9M FY2026, supported by inorganic growth initiatives. Operating margins improved to 17.8% in 9M FY2026 (from 12.6% in 9M FY2025), aided by cost efficiency measures and geographical mix. ICRA expects revenue growth to remain at current levels with stable margins. The company's financial profile remains healthy, supported by steady accruals, a strong capital structure, free cash and liquid investments of around Rs. 437 crore and non-current investments of around Rs. 230 crore as on September 30, 2025. DGSL's total outstanding debt (including lease liabilities) stood at around Rs. 186 crore as on September 30, 2025 (against around Rs. 37 crore a year earlier), following the Rs. 150 crore acquisition related borrowing. However, the company remains net-debt negative owing to its strong liquidity position. Going forward, credit metrics are expected to remain strong, driven by healthy cash accruals and a comfortable liquidity position.

Credit challenges

Relatively moderate scale of operations – DGSL's scale of operations remains relatively moderate compared to larger domestic IT services players, limiting its pricing flexibility and margin profile to an extent. The company reported revenues of Rs. 1,723.4 crore in FY2025 and Rs. 1,467.9 crore in 9M FY2026. Its higher exposure to India and West Asia has also contributed to comparatively lower margins versus peers with a stronger presence in the US and European markets. Nevertheless, the acquisition of TNQ Tech in FY2025 has supported margin improvement to some extent, given the latter's meaningful presence in the more margin-accretive European region.

Margins susceptible to cost pressures and highly competitive intensity of the industry – DGSL operates in a highly competitive global IT industry, marked by large, mid-sized and niche, small players, which exposes its margins to pricing pressures and wage inflation required to retain and upskill talent. Its profitability also remains vulnerable to foreign exchange fluctuations, although its hedging mechanism mitigates this 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 macro-economic environment, policies in key operating markets, employee attrition, etc – DGSL derives over 76% of its revenues from the US and Europe, exposing it to macro-economic conditions and potential regulatory or legislative changes in these key markets. Recent US policy proposals, such as higher H-1B visa fees and the proposed HIRE Act, which seeks to tax payments to foreign service providers and restrict their deductibility may impact industry cost structures. However, DGSL is relatively less affected given its predominantly offshore delivery model. While the HIRE Act could compress margins by reducing cost arbitrage, it remains under review and is not yet in effect and will, thus, remain a key monitorable. Further, given the labour intensive nature of the business, talent availability and retention remain critical. Nonetheless, the company's attrition rate remained stable at 11.5% in 9M FY2026.

Environmental and social risks

Environmental concern: Given the service-oriented business, DGSL's direct exposure to environmental risks as well as those emanating from regulations or policy changes are not material.

Social concern: Like other Indian IT service companies, DGSL faces the risk of data breaches and cyber attacks 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, DGSL remains exposed to the risk of changes in immigration laws in the key developed markets where it provides services. Any such changes could have the effect of heightening the competition among IT players for skilled workforce leading to a higher attrition rate 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: Strong

DGSL's liquidity profile continues to be strong, supported by steady internal accrual generation, sizeable free cash and liquid investments of around Rs. 437 crore and non-current investments of around Rs. 230 crore (as on September 30, 2025), along with a sizeable cushion in the form of unutilised working capital limits. The company has repayment obligations of Rs. 12.5 crore and Rs. 50 crore in FY2026 and FY2027, against the debt availed to fund the acquisition. The company also has an earning payout of Rs. 3.3 crore in Q4 FY2026 and Rs. 167.6 crore in FY2027. All these obligations are expected to be met comfortably through operational cash flows and available liquidity.

Rating sensitivities

Positive factors – ICRA could upgrade DGSL'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 DGSL's ratings may arise in case of any significant reduction in the company's revenues and profitability, weakening the credit profile. The ratings may be downgraded if any increase in working capital intensity, or any significant debt-funded acquisition(s) weakens the debt coverage indicators or liquidity position. Specific credit metrics that could lead to a ratings downgrade include Total Debt/OPBDITA above 1.5 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 DGSL. The details of the consolidated entities are shared in Annexure II.

About the company

Incorporated in November 1987, DGSL provides solutions for data-driven businesses to enhance their productivity and customer experience. The company offers its services under three verticals—digital operations, digital experience, and digital technology. The company has also developed products in robotics process automation, advanced analytics, business intelligence, and automated fare collection. DGSL is headquartered in Mumbai, with offices across North America, Europe, Australia and Asia, through its subsidiaries. DGSL's customer base is diversified across various sectors, such as BFSI, technology and consulting, education and publishing, manufacturing, logistics, and retail, among others. The company is headed by Dr. Lalit S. Kanodia, the Chairman, and Mr. Rahul L. Kanodia, the Vice Chairman and Chief Executive Officer.

Key financial indicators (audited)

DGSL (consolidated)	FY2024	FY2025	9M FY2026*
Operating income	1549.9	1723.4	1467.9
PAT	197.1	205.5	150.1
OPBDIT/OI	16.2%	13.4%	17.8%
PAT/OI	12.7%	11.9%	10.2%
Total outside liabilities/Tangible net worth (times)	0.2	0.5	NA
Total debt/OPBDIT (times)	0.1	0.8	NA
Interest coverage (times)	68.2	18.8	19.3

*Source: Company, ICRA Research; * Provisional numbers; NA: Not available; 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 (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
Fund Based/Non-Fund-Based Limits	Long-Term/Short-Term	180.00	Mar 04, 2026	[ICRA]A+ (Stable)/ [ICRA]A1+	Feb 11, 2025	[ICRA]A+ (Stable)/ [ICRA]A1+	Jan 08, 2024	[ICRA]A+ (Stable)/ [ICRA]A1+	Jan 05, 2023	[ICRA]A+ (Stable)/ [ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
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/ Short-term – Fund-based/ Non-fund based	NA	NA	NA	180.00	[ICRA]A+ (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	DGSL Ownership	Consolidation Approach
Datamatics Information Solutions Limited	100%	Full Consolidation
Datamatics Global Services Corp	100%	Full Consolidation
Datamatics Global Services FZ LLC (Dubai)	100%	Full Consolidation
Datamatics Global Services Inc	100%	Full Consolidation
Datamatics Global Services Pty Limited (Australia)	100%	Full Consolidation
Datamatics Global Technologies AG (Switzerland)	100%	Full Consolidation
Datamatics Infotech Limited	100%	Full Consolidation
Datamatics Robotics Software Inc	90%	Full Consolidation
Datamatics Robotics Software Limited	90%	Full Consolidation
Datamatics Professional Services Limited (formerly known as Datamatics Staffing Services Limited)	100%	Full Consolidation
Datamatics Foundation	100%	Full Consolidation
Datamatics Cloud Solutions Private Limited	100%	Full Consolidation
Luminad.AI. Limited (formerly known as LDR eRetail Limited)	100%	Full Consolidation
Lumina Datamatics GmbH	100%	Full Consolidation
Lumina Datamatics Inc	100%	Full Consolidation
Lumina Datamatics Limited	100%	Full Consolidation
Lumina Datamatics UK Limited	100%	Full Consolidation
Sunrise Setting Limited	85%	Full Consolidation
Datamatics Technologies FZ LLC (UAE)*	100%	Full Consolidation
Datamatics Global Services LLC-FZ (UAE)	100%	Full Consolidation
Lumina Datamatics Corp	100%	Full Consolidation
Diacritech Inc	100%	Full Consolidation
Dextara Digital Private Limited**	80%	Full Consolidation
Dextara Digital (USA) Inc	80%	Full Consolidation
TNQ Tech Private Limited	80%	Full Consolidation
Datamatics Global Services BV*	100%	Full Consolidation

*Source: Results Q3 FY2026; *Datamatics Global Services BV and Datamatics Technologies FZ LLC (UAE) were dissolved w.e.f. November 14, 2024 and August 24, 2025, respectively. **DGSL acquired the remaining 20% stake in Dextara Digital Private Limited in June 2025.*

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
jitinm@icraindia.com

Kinjal Shah
+91 22 6114 3422
kinjal.shah@icraindia.com

Deepak Jotwani
+91 124 4545 870
deepak.jotwani@icraindia.com

Aruna Ganesh
+91 22 6114 3459
aruna.ganesh@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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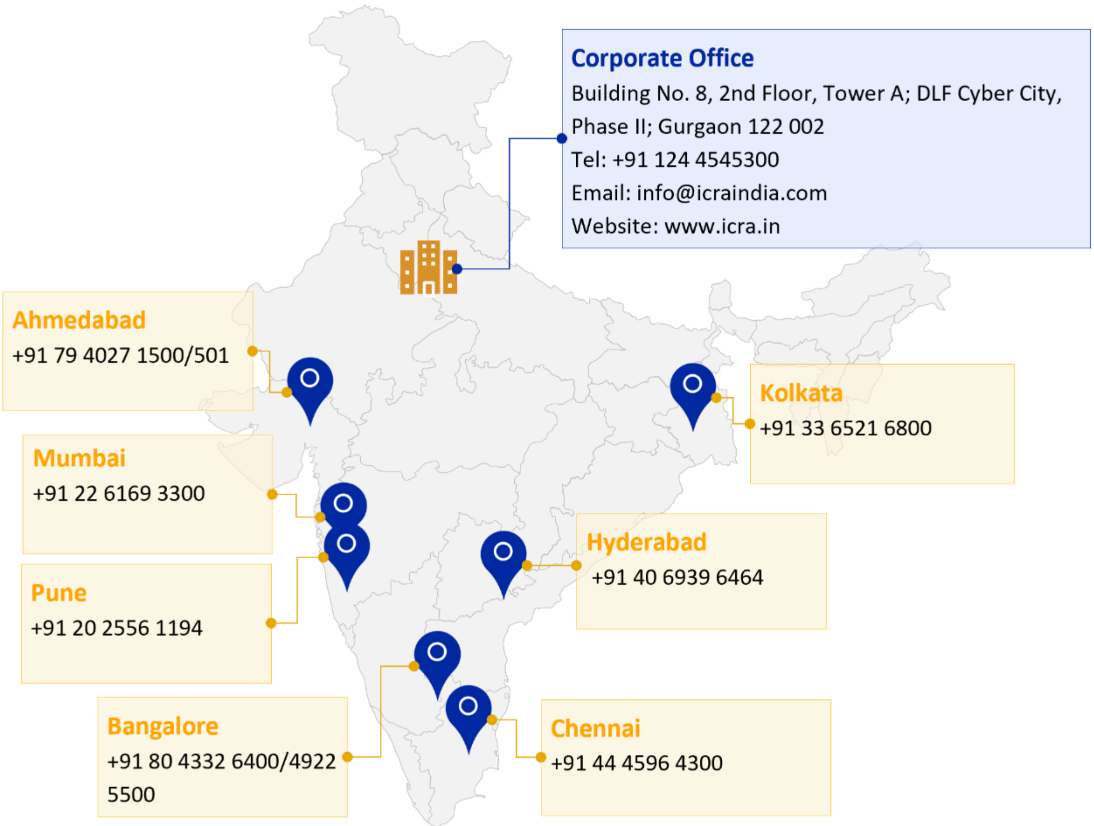
ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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