Press Release

Innovana Thinklabs Limited

October 10, 2025

Ratings

Sl. No.	Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
1.	Long Term Bank Facilities	2.60*	IVR BBB- /Stable (IVR Triple B Minus with Stable Outlook)	-	Rating Assigned	Simple
2.	Short Term Bank Facilities	8.40	IVR A3 (IVR A Three)	-	Rating Assigned	Simple
3.	Long Term/Short Term Facilities – Proposed	14.00	IVR BBB- /Stable/IVR A3 (IVR Triple B Minus with Stable Outlook/IVR A Three)	-	Rating Assigned	Simple
	Total	**25.00**	**Rupees Twenty Five Crore Only**			

**BG tenure is more than one year.*

Details of Facilities are in Annexure 1
Facility wise lender details are at Annexure 2
Detailed explanation of covenants is at Annexure 3

Detailed Rationale
Infomerics Valuation and Rating Limited (IVR) has assigned long term and short-term rating of IVR BBB- with Stable outlook and IVR A3 respectively for the bank loan facilities Innovana Thinklabs Limited (ITL).

The rating draw comfort from its experienced promoter with proven track record, strong international presence, continuous improvement in scale of operations, comfortable capital structure and debt protection metrics. However, these rating strengths are partially offset by moderate scale of operation, regulation and data privacy concern, vulnerability to high market competition.

The ‘stable’ outlook indicates promoters' extensive industry experience and expected improvements in revenue and margins driven by strong client relationships.

IVR has principally relied on the audited financial results of ITL's up to 31 March 2025 (refers to period from 1st April 2024 to 31st March 2025) and projected financials from FY2026 to FY2028 and publicly available information/clarifications provided by the company's management.

Key Rating Sensitivities

Upward factors

- Significant and consistent improvement in total operating income over Rs.150 crore and expansion across geographies and verticals.
- Sustenance of the overall gearing.

Downward factors

- Any sharp fall in income or margins due to competitive pressures, product obsolescence, or reduced platform visibility.
- Deterioration in debt protection metrics and overall gearing.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoter with proven track record:**
  ITL is promoted by Mr. Chandan Garg and Mr. Kapil Garg, both of whom have extensive experience in the IT and software sector. Mr. Chandan Garg, with over 16 years of industry experience, has been instrumental in scaling global operations and driving innovation. Mr. Kapil Garg, as co-founder and Whole-time Director, plays a key operational role. The promoters' combined expertise, strategic vision, and strong leadership have been critical in the company's sustained growth and stability.

- **Strong international presence:**
  The company has established a broad international footprint, catering to customers across more than 126 countries. The company's software products and digital platforms support 13 different languages, enabling it to reach a diverse global audience.

- **Continuous improvement in scale of operations:**
  The company has improved financial performance, with sustained profitability over recent years. The company EBITDA margins increased from 44.52% in FY2024 to 54.30% in FY2025 and its PAT margin increased from 35.81% in FY2024 to 39.27% in FY2025, driven by low fixed overheads and high-margin digital products such as utility software, mobile apps, and astrology services.

- **Comfortable capital structure and debt protection matrix:**
  The adjusted tangible net worth of the company has increased to Rs.163.96 crore in FY2025 due to retention of profits. The overall gearing based on Adjusted Tangible Net Worth is 0.27x and TOL/ATNW is 0.41x in FY2025. In terms of debt protection metrics, the debt service coverage ratio (DSCR) and interest service coverage ratio (ISCR) stood comfortable at 13.92x and 13.76x respectively, in FY2025.

Key Rating Weaknesses

- **Moderate scale of operation:**
  ITL despite its global digital reach, continues to operate at a relatively moderate scale with consolidated revenues of Rs.103.48 crore in FY2025. Compared to larger players in the global software and IT services space, the company's size limits its pricing power, financial flexibility, and ability to absorb operational shocks. Its moderate scale also constrains economies of scale and heightens sensitivity to competitive pressures, regulatory changes, and platform policy shifts—posing a key credit risk.

- **Regulation and data privacy concern:**
  As a digital first company operating across more than 126 countries, ITL is exposed to a range of regulatory and compliance risks, particularly in the areas of data privacy, cross-border data transfers, online advertising policies, and consumer protection laws. The evolving regulatory landscape—such as the General Data Protection Regulation (GDPR) in Europe, California Consumer Privacy Act (CCPA) in the U.S., and emerging data governance frameworks in India—places stringent obligations on software companies handling personal user data. Non-compliance, even inadvertently, could lead to penalties, reputational damage, or restrictions on operations in key markets. Additionally, changes in app store policies (e.g., by Google or Apple) regarding data collection, user consent, or monetization models may adversely impact product distribution or revenue streams.

- **Vulnerability to High Market Competition:**
  ITL operates in a highly competitive digital software space, facing pressure from both global tech giants and agile startups. The ease of entry, low switching costs, and abundance of free alternatives intensify competition, requiring constant innovation and marketing efforts to retain users and sustain market share.

Analytical Approach: Consolidation

For arriving at the ratings, IVR has analysed ITL's credit profile considering the consolidated financial statement of the company. List of companies considered for consolidation analysis is given at Annexure 4.

Applicable Criteria:

Rating Methodology for Service Companies.
Financial Ratios & Interpretation (Non-Financial Sector).
Criteria for assigning Rating outlook.
Policy on Default Recognition
Complexity Level of Rated Instruments/Facilities
Consolidation of Companies

Liquidity – Adequate

ITL enjoys adequate liquidity position, enhancing its credit strength. As of March 2025, the current ratio stood moderate at ~2.6x, indicating ample buffer over near-term liabilities. During FY2025, the company generated gross cash accruals of Rs.30.25 crore against nil repayment debt obligations. Moreover, the company is expecting the gross cash accruals in the range of Rs.44.58 crore to Rs.46.38 crore as against the nil repayment obligations during the projected year from FY2026-28.

About the Company

ITL, formerly known as PCVARK Software Private Limited, was incorporated on April 13, 2015, in Jaipur, Rajasthan. The company transitioned to a public limited entity in June 2017 and was subsequently renamed Innovana Thinklabs Limited in August 2017. It launched its IPO in November 2017 and got listed on the NSE platform in December 2017. Since its inception, the company has evolved from a basic software utility provider into a diversified digital solutions platform offering software utilities, IT services, online wellness platforms, mobile gaming, and astrology-based applications. It caters to a global customer base across 126+ countries and supports services in 13 languages, reflecting its strong international footprint.

Financials (Consolidated):

(Rs. crore)

For the year ended*/As on	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	100.81	103.48
EBITDA	44.88	56.19
PAT	41.26	44.71
Total Debt	22.62	44.22
Tangible Net worth	147.83	163.96
EBITDA Margin (%)	44.52	54.30
PAT Margin (%)	35.81	39.27
Overall Gearing Ratio (x)	0.15	0.27
Interest Coverage Ratio (x)	24.90	13.76

**Classification as per Infomerics' standard*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Non-Fund Based	Long Term	2.60*	IVR BBB-/Stable	-	-	-
2.	Fund Based	Short Term	8.30	IVR A3	-	-	-
3.	Non-Fund Based	Short Term	0.10	IVR A3	-	-	-
4.	Fund Based-Proposed	Long Term/ Short Term	14.00	IVR BBB-/Stable/A3	-	-	-

**BG tenure is more than one year.*

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About Infomerics:

Infomerics Valuation and Rating Limited (Infomerics) (Formerly Infomerics Valuation and Rating Private Limited) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.
For more information visit www.infomerics.com.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Bank Guarantee	-	-	-	2.60*	IVR BBB-/Stable
Overdraft	-	-	-	8.30	IVR A3
Derivative	-	-	-	0.10	IVR A3
Working Capital-Proposed	-	-	-	14.00	IVR BBB-/Stable/A3

**BG tenure is more than one year.*

Annexure 2: Facility wise lender details:
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Annexure 3: Detailed explanation of covenants of the rated securities/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis:

Name of the company	Consolidation Approach
Innovana Techlabs Limited	Full Consolidation
Innovana Games Studio Limited	Full Consolidation
Innovana Astro Service Limited	Full Consolidation
Innovana Infrastructure Limited	Full Consolidation

I Solve Software Service Limited	Full Consolidation
Innovana Fitness Lab Limited	Full Consolidation

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at Complexity Level of Rated Instruments/Facilities.