July 08, 2025

Central Data Systems Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Cash credit	55.00	55.00	[ICRA]BBB- (Stable); reaffirmed
Long-term – Bank guarantee	10.00	10.00	[ICRA]BBB- (Stable); reaffirmed
Total	**65.00**	**65.00**	

**Instrument details are provided in Annexure-I*

Rationale

The rating reaffirmation for Central Data System Private Limited (CDSPL) factors in the steady growth in its revenues and profitability, backed by adequate order inflows, which are expected to sustain in the medium term. CDSPL is an IT infrastructure solution provider and the company's revenues grew to ~Rs. 206 crore in FY2025 (PY: ~Rs. 195 crore) from ~Rs. 100 crore in FY2022, with operating margins ranging within 7-9% during the same period. With an adequate order book of around Rs. 70-75 crore as of June 2025, the revenues are projected to increase by 15-20% YoY in FY2026, while maintaining operating margins at around 7.5-8.5%. CDSPL has adequate debt coverage and leverage metrics, which are likely to continue over the medium term, aided by the anticipated steady growth in revenues and absence of debt-funded capex plans. The rating notes the significant experience of promoters in the IT hardware services spanning more than three decades, along with its diversified and reputed client base across industries and geographical locations in India.

The rating, however, remains constrained by the high working capital-intensive nature of operations. The company has moderately high debtors' cycle, although it is supported by an extended interest-free credit period provided by the OEMs. The debtor days stood at 79 and creditor days at 69, respectively, as on March 31, 2025. Further, it has to maintain adequate inventory levels as per the partnerships w.r.t OEMs. Given the growth prospects, CDSPL's working capital cycle is likely to remain elongated and will remain the key monitorable. The rating is constrained by its moderate scale of operations, despite the expected growth in OI in near term, modest net worth at Rs. 48.3 crore as on March 31, 2025, and moderate operating margins of around 7-9% during the last three years, given the relatively limited value-additive nature of operations.

The Stable outlook on the rating reflects ICRA's opinion that CDSPL will benefit from the sustained growth in revenues, diversified as well as reputed client base and experienced promoters in IT hardware services.

Key rating drivers and their description

Credit strengths

Steady growth in revenues backed by order inflow and adequate debt protection metrics – CDSPL had a steady growth in revenues and profitability in FY2025, backed by adequate order inflows, which are anticipated to sustain in the medium term. The company's revenues grew to ~Rs. 206 crore in FY2025 (PY: ~Rs. 195 crore) from ~Rs. 100 crore in FY2022, with operating margins ranging within 7-9% during the same period. With an adequate order book of around Rs. 70-75 crore as of June 2025, the revenues are projected to increase by 15-20% YoY in FY2026, while maintaining operating margins at around 7.5-8.5%. CDSPL has adequate debt coverage and leverage metrics, which are likely to continue over the medium term, aided by the expected steady growth in revenues and absence of debt-funded capex plans.

Extensive experience of promoters in IT hardware services – Incorporated in 2003, CDSPL offers IT infrastructure solutions and services for corporations across industries. Its infrastructure and digital solutions include end-to-end services for enterprise networking, security, data centre services, enterprise computing, cloud management and power conditioning. The promoters have more than three decades of experience in the IT hardware services, which has helped to develop strong association with clients and suppliers/ OEMs for the business.

Pan-India presence with diversified client base – CDSPL has pan-India presence through its offices at six locations viz, Bangalore, Hyderabad, Delhi, Mumbai, Chennai, and Kolkata. The company has catered to reputed clients like Walmart, Amazon, Hindustan Coca Cola, Manipal Hospitals, Micron Semiconductor, Cisco, etc, across diversified industries, which reduces the client concentration risk.

Credit challenges

High working capital-intensive operation – The company has moderately high debtors' cycle, although it is supported by an extended interest-free credit period provided by the OEMs. The debtor days stood at 79 and creditor days at 69, respectively, as on March 31, 2025. Further, it has to maintain adequate inventory levels as per the partnerships w.r.t OEMs. Given the growth prospects, CDSPL's working capital cycle is likely to remain elongated and will remain a key monitorable.

Moderate scale of operations – Despite an estimated growth in OI in FY2025 to Rs. 205-210 crore and 15-20% YoY increase in FY2025, CDSPL's scale of operations remain moderate. The company faces intense competition from the established domestic as well as international players translating into limited pricing flexibility, which is reflected in its moderate operating margins.

Modest net worth and moderate operating margins – CDSPL reported a modest net worth of Rs. 48.3 crore as on March 31, 2025. In addition, it reported moderate operating margins of 7-9% over the last three years due to limited value addition in the procured equipment from OEMs and for its installation services.

Liquidity position: Adequate

The company's liquidity position is adequate. As on March 31, 2025, CDSPL has an unencumbered cash balance of ~Rs. 20 crore, which is parked in the form of fixed deposits majorly. The average utilisation of the fund-based facilities remained at around 71% for the last 12 months ending April 30, 2025. The company also utilises overdraft facilities for working capital purposes, which are backed by 100% FD. It does not have major long-term debt obligations and capex plans.

Rating sensitivities

Positive factors – The rating can be upgraded if there is a significant improvement in revenues, while maintaining profitability resulting in improvement in debt protection metrics, working capital position and liquidity on a sustained basis.

Negative factors – ICRA could downgrade the rating in case of a material decline in revenues and profitability, or stretch in working capital cycle, or if there is a significant increase in indebtedness resulting in weakening of debt protection metrics and liquidity position on a sustained basis. Specific credit metric that could lead to a rating downgrade include TOL/TNW higher than 2.2 times on a prolonged basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology IT - Software & Services
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

CDSPL is an IT infrastructure solutions provider for entities across industries. Its infrastructure digital solutions include end-to-end services (purchase, installation, maintenance, and repair) for enterprise networking, security, data centre services, enterprise computing, cloud management and power conditioning. CDSPL is an ISO 9001:2015 certified and ISO/IEC 27001:2013 certified company.

Key financial indicators (audited)

Standalone	FY2024	FY2025*
Operating income	194.6	205.8
PAT	8.1	13.7
OPBDITA/OI	7.1%	8.0%
PAT/OI	4.2%	6.6%
Total outside liabilities/Tangible net worth (times)	2.9	2.1
Total debt/OPBDIT (times)	4.7	4.1
Interest coverage (times)	3.2	3.4

*Source: Company, ICRA Research; * Provisional numbers; 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

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Jul 08, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long-term	55.00	[ICRA]BBB- (Stable)	-	-	May 24, 2024	[ICRA]BBB- (Stable)	Apr 19, 2023	[ICRA]BB+ (Stable)	-	-
Bank guarantee	Long-term	10.00	[ICRA]BBB- (Stable)	-	-	May 24, 2024	[ICRA]BBB- (Stable)	Apr 19, 2023	[ICRA]BB+ (Stable)	-	-
Unallocated limits	Long-term	-	-	-	-	May 24, 2024	[ICRA]BBB- (Stable)	Apr 19, 2023	[ICRA]BB+ (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Cash credit	Simple
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	**Cash credit**	NA	NA	NA	55.00	[ICRA]BBB- (Stable)
NA	**Bank guarantee**	NA	NA	NA	10.00	[ICRA]BBB- (Stable)

Source: Company

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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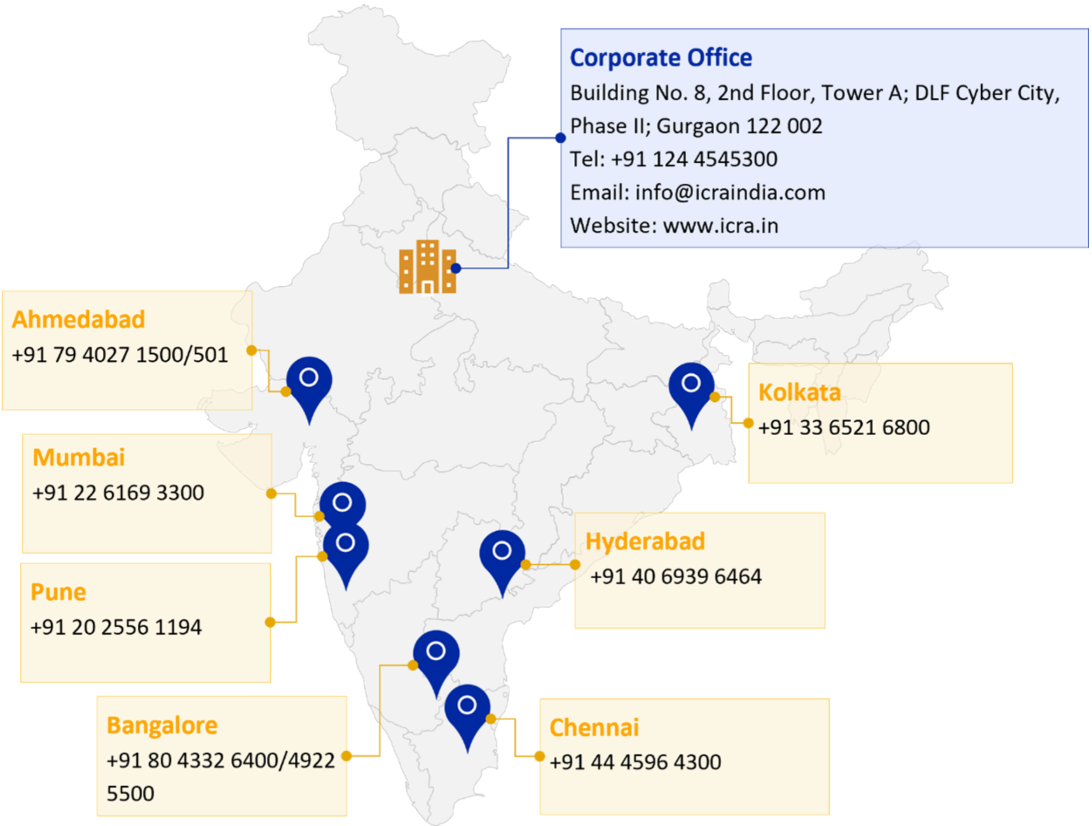

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