July 18, 2025

Velocis Systems Pvt. Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/Fund-based Limits/ Cash Credit	75.00	100.00	[ICRA]A- (Stable); reaffirmed and assigned for enhanced amount
Short-term/Non-fund Based Limits	90.00	100.00	[ICRA]A2+; reaffirmed and assigned for enhanced amount
Total	165.00	200.00	

Instrument details are provided in Annexure-1

Rationale

The ratings reaffirmation for Velocis Systems Pvt. Limited (VSPL) continues to factor in the significant experience of VSPL's promoters and its established track record in the IT industry, coupled with its healthy relationships with customers and suppliers, particularly CISCO Systems. The ratings also consider the company's pan-India presence, along with a diversified and reputed client base, which has aided the company in generating repeat business from its clients. In FY2025, VSPL achieved a modest 2.4% growth in revenues over the previous fiscal due to the large base of FY2023 and FY2024, when the company's revenues grew by 59.8% and 28.9%, respectively. The revenue growth is expected to improve in the current fiscal, supported by a healthy order book position in addition to strong underlying demand for networking infrastructure from end-user industries. The company's OPM improved marginally to 4.7% in FY2025 from 4.6% in FY2024. Despite the low operating profit margin (OPM), which is inherent in the industry, the company's capital structure and coverage indicators remain healthy, supported by modest capex and healthy accruals over the years. With no major debt-funded capex going forward, ICRA expects the company's debt metrics to remain healthy over the medium term as well. Further, the company's focus on diversifying its revenue streams from more value-accretive segments is expected to support VSPL's earnings, going forward. This apart, the company's recent foray into the cloud managed services augurs well for its business prospects.

The rating strengths are partially offset by VSPL's moderate margin profile, which is inherent in the industry. However, VSPL's margins have improved consistently in the recent past owing to the operating leverage benefits and increasing share of services business. The ratings are also constrained by the working capital intensive nature of the business, which results in dependence on external funding, which may increase with further expansion in the company's scale. The company also remains exposed to competition from other players.

The Stable outlook on the long-term rating reflects ICRA's expectations that VSPL's credit profile will continue to benefit from its established relationships with original equipment manufacturers (OEM), particularly CISCO and distributors, along with its healthy revenue visibility on the back of stable demand for networking infrastructure. The operating profitability is expected to improve, backed by increasing share of the services business, which is more margin accretive than the hardware installation business.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in the IT industry – The company has a successful track record of more than two decades. Established in 1995, VSPL benefits from its long relationships with OEMs like CISCO, HP, Dell, Palo Alto, AWS, and Microsoft. Since 2006, VSPL has been associated with CISCO, which is the market leader in network infrastructure equipment.

Strong order book, leading to healthy revenue visibility amid diversifying revenue streams – VSPL has a strong order book of around Rs. 620 crore (as of May 2025), which provides healthy revenue visibility over the near term. Demand scenario for networking infrastructure continues to remain healthy and is expected to support the company's growth, going forward. Along with VSPL's core system integration business, the company is focusing on growing its service business, which is more margin accretive. This apart, the company has recently been empanelled as the Managed Service Provider (MSP) for Amazon Web Services (AWS), reflecting strong customer traction and expects to improve significantly, going forward. To grow further, the company is targeting new data centres, which may have hardware, software, support and maintenance requirements and provide another avenue for the company to scale up its business. This coupled with healthy order book (aided by repeat orders from existing clients) and regular onboarding of fresh customers, the revenue visibility for the company remains strong.

Pan-India presence and a diversified client base – The company caters to demand across India through its offices in eight cities. It also has a branch in Singapore. VSPL has been able to successfully increase its clientele and order flow over the years. It has more than 500 customers from both the public as well as the private sectors. A strong market position of its key OEMs also enables VSPL to garner reputed clients.

Improving profitability – VSPL has a moderate margin-accretive business, given the limited value additive nature of its operations. However, it has witnessed improved profitability in the recent past. The consistent improvement in the company's margins is partly attributable to the operating leverage benefits as its scale grew significantly in FY2023 and FY2024. Further, there has been an increase in the services income during the above-mentioned period, which is a margin accretive business compared to the hardware installation business. The combined share of services income to the total revenue has increased to 29.9% in FY2025 from 25.6% in FY2023.

Credit challenges

Working capital intensive nature of operations – VSPL's business is working capital intensive in nature with a moderately high debtor cycle. Generally, in this industry, the inventory and receivables are funded by creditors. For VSPL, the funding is largely made through interest-free credit extended by CISCO-backed bill discounting, working capital debt and credit period extended by other suppliers.

Exposed to intense competition – The competition remains high in the system integration business, particularly in the segment where VSPL operates. Limited pricing flexibility, coupled with the nature of the business, keeps the operating margins moderate. Nevertheless, the company is present in the value-added services business, through which it has been able to garner higher operating margins compared to peers. Even in VSPL's other businesses, the competition is high, resulting in variability of business and profitability.

Dependence on working capital debt and supplier funding – The working capital intensive nature of VSPL's operations keeps it dependent on external funding. Thus, in line with the business scale-up, VSPL's debt levels have been rising. However, with a consistent increase in the net worth to Rs. 166.2 crore in FY2024 and Rs. 219.7 crore in FY2025 and increasing profitability, its TD/OPBDITA and TOL/TNW improved to 3.5 times and 2.9 times, respectively as on March 31, 2025. ICRA notes the presence of unearned revenues, which are part of the company's current liabilities and contribute to its Total Outside Liabilities (TOL). The same are expected to improve, going forward, with higher scale and accruals, and modest capex requirements. Nevertheless, VSPL's interest coverage ratio and Debt Service Coverage Ratio (DSCR) remained comfortable at 7.6 times and 7.2 times, respectively in FY2025. Improvement in leverage metrics, in line with the earnings growth, remains crucial, going forward.

Liquidity position: Adequate

VSPL has adequate liquidity with healthy unencumbered cash and cash equivalents of Rs. 58.8 crore (as on May 31, 2025). The liquidity is further aided by the cushion in the working capital limits against the drawing power, which stood at Rs. 65 crore as of May 2025. The company's average working capital utilisation stood at 54% in the last 12 months ending in May 2025, providing sufficient cushion for liquidity. The company's minimal capex requirements of around Rs. 5 crore in FY2026 and around Rs.20 crore in FY2027 are expected to be funded through internal accruals. There are no scheduled repayments, which further lend comfort to the overall liquidity of the company.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if VSPL demonstrates a sustained increase in revenues and profitability, leading to an improvement in credit metrics and liquidity.

Negative factors – ICRA could downgrade the ratings in case of a sustained decline in revenue and profitability, resulting in a reduction in cash accruals. The ratings may also be downgraded if weakening of working capital intensity results in a weakened liquidity position, or the interest coverage ratio falls below 5.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Velocis Systems Private Limited was incorporated in 1995 by Mr. Atul Bansal and Mr. Rishi Kumar Malhotra. Its registered office is in Okhla Industrial Area, New Delhi. The company is involved in three different businesses, viz. system integration services (hardware trading), information technology (IT) solutions and software services, as well as managed services. VSPL's technology partners include CISCO, HP, Dell, Acer, Palo Alto, AWS, and Microsoft, among others. Its clientele includes reputed names such as L&T, DBS Bank, Amazon, Airtel etc. VSPL caters to the demand across the country, from its offices in Noida, New Delhi, Gurugram, Ahmedabad, Mumbai, Chennai, Bengaluru and Pune.

Key financial indicators (audited)

VSPL Standalone	FY2023	FY2024	FY2025*
Operating income	1,061.4	1,368.0	1,401.4
PAT	32.3	49.5	53.5
OPBDITA/OI	3.8%	4.6%	4.7%
PAT/OI	3.0%	3.6%	3.8%
Total outside liabilities/Tangible net worth (times)	4.3	3.3	2.9
Total debt/OPBDIT (times)	5.9	3.3	3.5
Interest coverage (times)	11.1	10.6	7.6

*Source: Company, ICRA Research; Amount in Rs. Crore; *Provisional numbers*
PAT: Profit after tax; OPBDITA: 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 (FY2026)		Chronology of rating history for the past 3 years					
					FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Jul 18, 2025	Apr 03, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based Limits/ Cash Credit	Long-term	100.00	[ICRA]A- (Stable)	[ICRA]A- (Stable)	Feb 21, 2024	[ICRA]A- (Stable)	Dec 05, 2022	[ICRA]BBB+ (Stable)	Sep 30, 2021	[ICRA]BBB+ (Stable)
Non-fund Based Limits	Short-term	100.00	[ICRA]A2+	[ICRA]A2+	Feb 21, 2024	[ICRA]A2+	Dec 05, 2022	[ICRA]A2	Sep 30, 2021	[ICRA]A2

Complexity level of the rated instrument

Instrument	Complexity indicator
Fund-based Limits/ Cash Credit	Simple
Non-fund Based Limits	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/ Sanction	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Fund-based Limits/ Cash Credit**	NA	NA	NA	100.00	[ICRA]A- (Stable)
NA	**Non-fund Based Limits**	NA	NA	NA	100.00	[ICRA]A2+

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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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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