

July 24, 2025

Linkwell Telesystems Private 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 - Cash Credit	85.00	85.00	[ICRA]A+ (Stable); reaffirmed
Long term- Fund based- Proposed	-	50.00	[ICRA]A+ (Stable); assigned
Long term- Fund based - Term Loan	60.22	43.79	[ICRA]A+ (Stable); reaffirmed
Short term- Non fund based - Bank Guarantee	294.40	-	-
Long/ Short term- Non fund based	-	290.00	[ICRA]A+ (Stable)/ [ICRA]A1+; assigned
Long/ Short term- Proposed Non fund based	0.00	100.00	[ICRA]A+ (Stable)/ [ICRA]A1+; assigned
Short term- Non fund based - Forward Contract/Derivative	0.00	4.40	[ICRA]A1+; assigned
Long- term/Short-term - Unallocated Limits	60.38	26.81	[ICRA]A+ (Stable)/ [ICRA]A1+; reaffirmed
Total	500.0	600.00	

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation considers Linkwell Telesystems Private Limited's (LTPL) healthy scale of operations, with revenues standing at Rs. 960.6 crore as of FY2025 (on provisional basis) reflecting a growth of 11% over FY2024, which is expected to sustain over the medium term. This is likely to be driven by its established position and track record in the supply of point of sale (POS) terminals on lease basis to various Government departments under the Direct Benefit Transfer (DBT) scheme on BOO (build, own, and operate) basis. Given more than 40% of the revenues is generated from lease income, the company's operating margins stood strong at 38.8% in FY2025 and is projected to remain at above 35% levels in the medium term. The financial risk profile was comfortable with Total outside liabilities/ Tangible net worth of 0.2 times as on March 31, 2025, and strong debt coverage indicators, with an interest coverage of ~31.8 times and Total Debt (TD)/OPBDITA of ~0.4 times in FY2025. LTPL has established relationships with a reputed customer base, which includes state discoms for energy meters and state government departments/corporations for POS terminals. ICRA also considers the favourable demand outlook for smart energy meters, given the Government's focus on controlling aggregate technical and commercial (AT&C) losses in the power distribution segment. The demand outlook for POS terminals is also healthy with the Government's focus on delivering state benefits under the DBT programme to genuine beneficiaries directly through biometric automation.

The ratings are, however, constrained by the high working capital intensive nature of the business owing to long receivable cycle, given the preponderance of Government clients. Nevertheless, the reliance on external debt is low and the liquidity position remains strong with sizeable free cash and investment balances of ~Rs. 177.4 crore as on March 31, 2025. Further, the ratings are constrained by the competition inherent in the business and sizeable performance guarantee requirements in the energy meter segment, which is likely to keep the margins under check and result in higher non-fund based limit requirements. The company has availed non-fund based limits in the current year against 100% cash margin pending the enhancement in working capital limits. Given this, its ability to secure enhancement in a timely manner remains a key rating monitorable. During FY2022-FY2025, LTPL has made sizeable investments in land acquisition and were funded using its own surplus funds. Any further sizeable investments materially impacting the overall liquidity profile would be a credit negative and will remain a key rating monitorable.

The Stable outlook on the long-term rating reflects ICRA's opinion that LTPL will benefit from the healthy lease rentals nature of its business model, with strong operating margins, coupled with its strong liquidity position.

Key rating drivers and their description

Credit strengths

Established position in POS terminal segment and favourable demand outlook for energy meters – The company started with manufacturing of voice and data products under the VISIONTEK brand. However, over the years, it has diversified into manufacturing of POS terminals, energy meters, etc. Linkwell has established relationships with a reputed customer base, which includes state discoms for energy meters and state government departments/corporations for POS terminals. The demand outlook for energy meters is favourable as the Government is focused on controlling AT&C losses in various states by improving usage through the smart meters. The demand outlook for POS terminals is also favourable with the Government's focus on delivering state benefits under DBT/other Government programmes.

Healthy revenue growth over the past three years and strong operating margins – The revenues witnessed healthy growth over the last three years, at a CAGR of 20% to Rs. 960.6 crore in FY2025 from Rs. 556.5 crore in FY2022, driven by higher sales of energy meters and POS machines. The revenue growth is expected to sustain in the near term on the back of adequate order book position. The company's order book position stood at Rs. 668.7 crore as on March 31, 202. Given more than 40% of the revenues is generated from lease income, the operating margins stood strong at 38.8% in FY2025 and is projected to remain at above 35% levels in the medium term.

Comfortable financial risk profile – The company's financial risk profile is comfortable with TOL/TNW of 0.2 times as on March 31, 2025 owing to low debt and healthy net worth levels. The coverage indicators are strong with interest coverage of ~31.8 times, and Total Debt/OPBITDA of 0.4 times in FY2025 on account of low debt levels and healthy operating margins. Given the expected healthy operating profits and low debt levels, the leverage and coverage indicators are likely to remain comfortable.

Credit challenges

High working capital intensity – The POS terminal and energy meter businesses are working capital intensive with NWC/OI of 30% in FY2025 on account of higher receivable days. The receivable cycle is long, given the preponderance of Government clients. ICRA notes that the Government departments take 90-120 days for payment of bills. However, the major portion of working capital requirements are funded by internal accruals with low reliance on debt. Further, there is a significant requirement of bank guarantee (BG) limits as the company is required to provide BGs of 3-10% of the order value, covering the lease tenure for POS supply and performance guarantees for energy meters supply. It has availed non-fund based limits in the current year against 100% cash margin pending the enhancement in working capital limits. Given this, LTPL's ability to secure enhancement in a timely manner remains a key rating monitorable.

Intense competition in energy meter and POS segments – The company is exposed to intense competition in the energy meter segment from other large established players. In the POS segment, LTPL has a first-mover advantage and thus, competition is limited. Nevertheless, the contracts are awarded to the lowest bidder exposing the profitability of the players to the competition.

Liquidity position: Strong

LTPL's liquidity position remains strong with free cash balances of Rs. 177.9 crore as on March 31, 2025. Further, the company has low debt repayment obligations and capex plans relative to its cash flow generation aiding its liquidity position. During FY2022-FY2025, LTPL has made sizeable investments in land acquisition, which were funded using its own surplus funds. Any further sizeable investments materially impacting the overall liquidity profile will remain a key rating monitorable. The

company requires sizeable non-fund based limits for raw material procurement and performance guarantees. It has availed non-fund based limits against 100% cash margin. The liquidity position is also expected to be supported by enhancement in working capital limits in the near term.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company significantly increases its scale of operations amid diversifying its product and client profiles, while maintaining its profitability and liquidity position.

Negative factors – The ratings may be downgraded if any substantial decline in its earnings and/or a stretch in the working capital cycle or any large capex/investments impacts the overall liquidity position. Specific credit metric that would lead to downgrade will include interest cover of less than 7.0 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

Incorporated in 1993, LTPL manufactures data products such as POS terminals, energy meters. The company has a range of products in the energy meter and POS segments. It is promoted by Mr. Krishna Prasad and its manufacturing facilities are located at Kushaiguda and Cherlapally, Hyderabad. The company's products and solutions are sold under the brand name, VISIONTEK, while LTPL's key clients include state discoms and various state government departments involved in public distribution system. The company will start manufacturing of Solar inverters and CCTV in August 2025.

Key financial indicators (audited)

LTPL (Standalone)	FY2024	FY2025*
Operating income	866.2	960.6
PAT	207.4	232.1
OPBDIT/OI	34.7%	38.8%
PAT/OI	23.9%	24.2%
Total outside liabilities/Tangible net worth (times)	0.2	0.2
Total debt/OPBDIT (times)	0.5	0.4
Interest coverage (times)	30.8	31.8

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	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Jul 24, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long-term	85.00	[ICRA]A+ (Stable)	Apr 03, 2024	[ICRA]A+ (Stable)	-	-	Mar 23, 2023	[ICRA]A (Stable)
									Apr 07, 2022
Term Loan	Long-term	43.79	[ICRA]A+ (Stable)	Apr 03, 2024	[ICRA]A+ (Stable)	-	-	Mar 23, 2023	[ICRA]A (Stable)
									Apr 07, 2022
Non-Fund Based Limits	Short term	-	[ICRA]A1+	Apr 03, 2024	[ICRA]A1+	-	-	Mar 23, 2023	[ICRA]A1
									Apr 07, 2022
Unallocated Limits	Long/Short term	26.81	[ICRA]A+ (Stable)/ [ICRA]A1+	Apr 03, 2024	[ICRA]A+ (Stable)/ [ICRA]A1+	-	-	Mar 23, 2023	[ICRA]A (Stable)/ [ICRA]A1
									Apr 07, 2022
Fund based-Proposed	Long-term	50.00	[ICRA]A+ (Stable)	-	-	-	-	-	-
Non fund based	Long/Short term	290.00	[ICRA]A+ (Stable)/ [ICRA]A1+	-	-	-	-	-	-
Proposed Non fund based	Long/Short term	100.00	[ICRA]A+ (Stable)/ [ICRA]A1+	-	-	-	-	-	-
Non fund based - Forward Contract/Derivative	Short term	4.40	[ICRA]A1+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Cash Credit	Simple
Term Loan	Simple
Non-Fund Based Limits	Very Simple
Unallocated Limits	Not applicable
Forward Contract/Derivative	Very Simple
Fund based- Proposed	Simple
Long/ Short term- Proposed Non fund based	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	-	-	-	85.00	[ICRA]A+(Stable)
NA	Term Loan	FY2024	-	FY2028	43.79	[ICRA]A+(Stable)
NA	Non-Fund Based Limits	-	-	-	290.00	[ICRA]A+ (Stable)/ [ICRA]A1+
NA	Unallocated Limits	-	-	-	26.81	[ICRA]A+ (Stable)/ [ICRA]A1+
NA	Non fund based - Forward Contract/Derivative	-	-	-	4.40	[ICRA]A1+
NA	Fund based-Proposed	-	-	-	50.00	[ICRA]A+(Stable)
NA	Long/ Short term- Proposed Non fund based	-	-	-	100.00	[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 – Not applicable

ANALYST CONTACTS

Ashish Modani
+91 22 6169 3300
ashish.modani@icraindia.com

Suprio Banerje
+91 22 6114 3443
supriob@icraindia.com

Vinay G
+91 40 6939 6424
vinay.g@icraindia.com

Doddapanani Srisai Bhavya
+91 40 6939 6421
doddapanani.bhavya@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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