Allvy Software Solutions Private Limited

July 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	15.00	CARE BB; Stable	Assigned
Long Term / Short Term Bank Facilities	20.00	CARE BB; Stable / CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Allvy Software Solutions Private Limited (ASSPL) are constrained by its moderate capital structure, moderate debt coverage indicators, high working capital intensity, presence in a highly competitive industry, and stretched liquidity position. However, the ratings derive comfort from the improvement in the company's scale of operations, healthy profitability levels, and the extensive experience of the promoters in the industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in scale of operations by 20%, with stable PBILDT margin.
- Improvement in overall gearing ratio to 1.00x and below on a continued basis.
- Improvement in average collection period to 90 days and below.

Negative factors

- Availing further debt resulting in deterioration of overall gearing ratio to 2.00x and above.
- Moderation in scale of operations or PBILDT by 30% on a continued basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited expects the company to continue benefiting from the promoters' experience and strong, well-established relationships with suppliers and customers.

Detailed description of key rating drivers:

Key weaknesses

High working capital intensity

The entity's operations are working capital intensive, as reflected by Gross Current Asset (GCA) days of 361 in FY25 (PY: 190) and a working capital cycle of 78 days in FY25 (PY: 74 days). The working capital cycle remained largely stable due to a reduction in inventory holding period, offset by an increase in both receivables and payables days. The average inventory period declined from 18 days in FY24 to 14 days in FY25, while the average collection period increased significantly from 108 days to 197 days. Similarly, the average creditors period rose from 52 days to 133 days during the same period. The elongation in the collection period during FY25 was mainly attributable to revenue of ~₹51 crore (excluding GST) being recognized in the last quarter of the year. Net working capital (NWC) as a percentage of total capital employed stood at ~64% in FY25 (PY: ~82%).

Moderate capital structure

The entity's capital structure stood moderate, with an overall gearing of 1.42x as on March 31, 2025, compared to 1.33x as on March 31, 2024, reflecting high reliance on external debt. The debt profile primarily comprises working capital borrowings and unsecured loans from promoters. Total outside liabilities to net worth stood elevated at 4.41x as on March 31, 2025, compared to 2.05x as on March 31, 2024. The deterioration during FY25 was mainly due to increased working capital borrowings. However, the capital structure is expected to improve going forward, supported by accretion of profits to reserves, leading to an enhancement in net worth.

Moderate debt coverage indicators

Debt coverage indicators remained modest, with a comfortable PBILDT interest coverage ratio of 6.93x in FY25 (6.92x in FY24) and a total debt to gross cash accruals (TD/GCA) ratio of 3.63x in FY25 (2.44x in FY24). Despite an increase in debt levels, the indicators remained stable, supported by improved profitability driven by higher operational scale. Going forward, debt coverage metrics are expected to remain strong, aided by further improvement in profits.

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Presence in highly competitive industry
ASSPL operates in a highly competitive landscape, facing intense pressure from large, well-established players, which constrains its pricing flexibility and weighs on its operating margins. Additionally, the company remains exposed to broader industry risks inherent to the IT sector, including potential slowdowns in global demand and elevated employee attrition levels, both of which could adversely affect its operational performance. These challenges underscore the need for strategic foresight, effective workforce management, and a robust risk mitigation framework to sustain competitiveness and ensure operational resilience.

Key strengths
Extensive experience of promoters in the industry
Allvy Software Solutions Private Limited (ASSPL) is promoted by Mr. Ratna Kiran Nachu and Mr. Sriram Maddula. Mr. Ratna Kiran Nachu, the Director and CEO, is a graduate with over 18 years of industry experience, while Mr. Sriram Maddula, the Director and COO, also a graduate, brings with him 17 years of professional experience. The company is managed by a team of well-qualified and experienced professionals with expertise across various domains, contributing to its efficient operations and execution capabilities.

Improvement in scale of operations
Total Operating Income (TOI) registered a robust compounded annual growth rate (CAGR) of 74.82% over the four-year period ending FY25. In FY25, TOI increased by ~65% to ₹84.82 crore compared to FY24, driven by higher order inflows from customers. The company has a modest net worth base, which stood at ₹17.60 crore as on March 31, 2025. As of May 31, 2025, the company had an unexecuted order book of ₹159.03 crore, equivalent to 1.87 times its total operating income for FY25. Going forward, the scale of operations is expected to improve, supported by anticipated growth in demand and a healthy order book.

Comfortable profitability
ASSPL's operating profitability, while remaining at a comfortable level, has exhibited a volatile trend, with the profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin fluctuating between 12% and 19% over the five-year period ending FY25. The margin improved from 12.69% in FY23 to 18.68% in FY24, before moderating to 12.01% in FY25. The sharp increase in FY24 was primarily driven by a relative reduction in the cost of materials consumed, as the company executed a higher proportion of the operations and maintenance component and a lower portion of the capex component of its contracts. Notably, capex-related works typically carry lower margins compared to O&M services. Profit after Tax (PAT) margin remained comfortable at 7.46% in FY25 (PY: 10.52%). Return on capital employed (ROCE) was healthy at 29.65% in FY25 (PY: 41.30%), supported by a robust fixed asset turnover of 12.69x (PY: 8.52x). Looking ahead, profitability is expected to improve, supported by an anticipated increase in turnover, better realisations, and stable input costs.

Liquidity: Stretched
Liquidity is stretched, as reflected by high utilisation of working capital limits and negative cash flows from operations during FY25. While the current ratio stood at 1.15x, the quick ratio remained comfortable at 1.11x as on March 31, 2025. The entity's fund-based working capital limits of ₹15 crore were utilised at an average of 63.84% and non-fund-based limits of ₹20 crore were utilised at an average of 100% over the 12 months ended April 2025. Cash flow from operations was negative at ₹5.05 crore in FY25, primarily due to a significant increase in receivables of approximately ₹56 crore. Despite this, the company generated healthy gross cash accruals of ₹6.86 crore during the year, against low scheduled debt repayments, and maintained an unencumbered cash and bank balance of around ₹3.63 crore as on March 31, 2025. Notably, there were no instances of utilisation of ad-hoc limits during the period.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Service Sector Companies
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Information Technology	Information Technology	IT - Services	IT Enabled Services

Allvy Software Solutions Private Limited (ASSPL), incorporated on December 28, 2011, is a Hyderabad, Telangana-based ISO-certified company promoted by Mr. Ratna Kiran Nachu and Mr. Sriram Maddula. The company is primarily engaged in smart city implementation and cloud computing services, catering mainly to government authorities such as municipal bodies. ASSPL's service portfolio includes a broad range of solutions such as installation of CCTV cameras, Wi-Fi routers for data management, traffic management systems including traffic signal installations, public Wi-Fi hotspots, data center and disaster recovery infrastructure, solid waste management systems, traffic enforcement systems, digital libraries, surveillance systems, Security Operations Centers, e-governance platforms, Geographic Information Systems, deployment of district cyber labs and contact centers, and supply of select hardware and software components.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	26.25	51.53	84.82
PBILDT	3.33	9.62	10.19
PAT	1.35	5.42	6.32
Overall gearing (times)	1.97	1.33	1.42
Interest coverage (times)	3.26	6.92	6.93

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	15.00	CARE BB; Stable
Non-fund-based - LT/ ST-BG/LC		-	-	-	20.00	CARE BB; Stable / CARE A4

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	15.00	CARE BB; Stable				
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	20.00	CARE BB; Stable / CARE A4				

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:
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