RAH INFOTECH PRIVATE LIMITED (Revised)

September 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	700.00	CARE BBB+; Stable / CARE A2	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the bank facilities of Rah Infotech Private Limited (RAH) derive strength from the promoters' extensive experience and the company's established position in the value-added distribution (VAD) and service segment of the information technology (IT) industry. Ratings are further supported by RAH's growing scale of operations, driven by its association with global original equipment manufacturer (OEM) software suppliers, its diversified product portfolio, reputed clientele, and moderate financial risk profile with comfortable debt coverage metrics. However, ratings remain constrained by the company's elongated working capital cycle with high total outstanding debt to tangible net worth (TOL/ TNW), presence in a highly competitive industry, and inherently low operating margins, typical of the trading and distribution business model.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations above ₹1800 crore while maintaining the margins at current level on a sustained basis.
- Sustained improvement in its working capital cycle thereby resulting in a comfortable liquidity position.

Negative factors

- Deterioration in scale of operations below ₹1000 crore with moderation in operating margins on a sustained basis.
- Elongation of working capital cycle above 70 days leading to a stretched liquidity profile.
- Deterioration in overall gearing above 1.50x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The Stable outlook represents Care Ratings Limited's (CareEdge Ratings) expectation of sustenance of scale of operations of the company driven by its established vendor relationship and partner network.

Detailed description of the key rating drivers

Key strengths

Experienced promoters and established market position

Mr. Ashok Kumar, with an industry experience of over 25 years, serves as the Managing Director of RAH. He is supported by Mrs. Rekha Yadav, who oversees the human resource function, along with a professional management team. The promoters' extensive experience in the IT distribution sector has enabled the company to establish a strong presence in the value-added distribution (VAD) segment and foster long-standing relationships with leading global OEMs as well as domestic channel partners.

diversified product portfolio and client base

RAH maintains a diversified product portfolio comprising hardware, software, licenses, and annual maintenance contracts (AMCs), sourced from multiple global OEMs. Further, the company caters to a wide base of domestic system integrators and solution providers serving end clients across sectors including government, BFSI, healthcare, telecom, and manufacturing. Although the company has a broad customer base, the top five customer contributed to approximately 27% of total revenue in FY25 (refers to April 01 to March 31) (PY: 28%), indicating moderate client concentration.

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

Growing scale of operations

The company's Total Operating Income (TOI) has grown at a compound annual growth rate (CAGR) of ~41% over the last five fiscal years and stood at ₹1304.32 crore in FY25 (PY: ₹1170.67 crore). This growth has been supported by the onboarding of new customers across various segments, repeat business from existing clients, and an expanding product portfolio. RAH operates as an intermediary between global OEMs and domestic system integrators, offering a multi-vendor product suite that positions it as a key participant in the IT distribution value chain, thereby providing ample revenue visibility in medium term.

Moderate financial risk profile

The company's financial risk profile remains moderate, as reflected by an adjusted overall gearing ratio of 1.27x as of March 31, 2025. The company's debt structure comprises term loans, working capital borrowings, and letter of credit (LC)-backed creditors. Additionally, the company has extended a corporate guarantee for the term loan availed by its group entity, Cyberevolve Technologies Private Limited. Further, the TOL/TNW ratio remains high at 4.20x as on March 31, 2025 (compared to 3.32x as on March 31, 2024). Debt coverage metrics continue to be healthy, with the interest coverage ratio remaining stable at 5.27x in FY25 (PY: 5.86x), primarily due to a higher interest expense on discounted bills. However, the total debt to gross cash accruals (TDGCA) ratio remains moderate at 5.29x for FY25 (PY: 3.71x).

Key weaknesses

Elongated working capital cycle

The company's operations continue to be working capital-intensive, as marked by a gross working capital cycle of 144 days, primarily driven by a prolonged collection period ranging between 90 to 120 days over the past few fiscal years. Inventory days stood at 20 days in FY25 as the company maintains hardware stock and digital inventory for certain software products. The company benefits from a creditor credit period of approximately 90 to 110 days, which provides some relief to its working capital cycle. The company manages its working capital by discounting bills from the lenders.

Presence in a highly competitive industry with low operating margins

RAH operates in a highly competitive environment, which continues to constrain its profitability as marked by PBILDT margin of 4.18% and profit after tax (PAT) margin of 2.47% in FY25 (PY: 4.69% and 2.99% respectively). The margins also remain subdued owing to the trading-oriented nature of its operations. The Value-Added Distribution (VAD) segment, including software, cloud-based solutions, and cybersecurity offerings, is experiencing increasing competition from large, integrated players due to low entry barriers. Further, margins remain constrained due to evolving vendor requirements for bundled service capabilities.

Liquidity: Adequate

The liquidity profile of the company is adequate as marked by expected gross cash accruals of approximately ₹44 crore against scheduled repayments of ₹3 crore in FY26. The company's current ratio stood near unity at 1.17x as of March 31, 2025. Further, it has no debt funded capex plans in medium term. The average utilisation of working capital limits stood low at 20% for previous 12 months ended August 2025.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Short Term Instruments
Wholesale Trading

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

Incorporated on July 22, 2005, RAH Infotech Private Limited (RAH) is engaged in the business of value-added distribution of cybersecurity and information infrastructure solutions in India. The company procures a range of products—including hardware, software, licenses, and annual maintenance contracts (AMC)—from global original equipment manufacturers (OEMs) and supplies them to domestic system integrators and channel partners.

Particulars (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	Q1FY26 (UA)
Total operating income	1170.67	1304.32	387.87
PBILDT	54.95	54.54	19.80
PAT	35.02	32.17	10.80
Overall gearing (times)	1.27	1.27	NA
Interest coverage (times)	5.86	8.55	6.09

A: Audited UA: Unaudited; NA: Not available; Note: 'the above results are latest financial results available'
Q1FY26: refers to April 01 to June 30

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/ ST-Working Capital Limits		-	-	-	700.00	CARE BBB+; Stable / CARE A2

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/ ST-Working Capital Limits	LT/ST	700.00	CARE BBB+; Stable / CARE A2				

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/ ST-Working Capital Limits	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Puneet Kansal Director **CARE Ratings Limited** Phone: 120-4452018 E-mail: puneet.kansal@careedge.in Sachin Mathur Associate Director **CARE Ratings Limited** Phone: 91-120-4452054 E-mail: sachin.mathur@careedge.in Rohit Bhatia Lead Analyst **CARE Ratings Limited** E-mail: Rohit.Bhatia@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

For detailed Rating Report and subscription information,
please visit www.careratings.com