



Press Release
VSOFT TECHNOLOGIES PRIVATE LIMITED
May 27, 2025
Rating Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	46.90	ACUITE C Downgraded	-
Bank Loan Ratings	22.10	-	ACUITE A4 Downgraded
Total Outstanding Quantum (Rs. Cr)	69.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has downgraded the long-term rating to '**ACUITE C**' (read as **ACUITE C**) from '**ACUITE BB+**' (read as **ACUITE double B plus**) and the short-term rating to '**ACUITE A4**' (read as **ACUITE A four**) from '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 69.00 Cr. bank facilities of Vsoft Technologies Private Limited (VTPL).

Rationale for downgrade

The rating downgrade is based on recent delays reported in servicing of debt obligation as per the credit bureau information report (CRIF) of Vsoft Technologies Private Limited (VTPL).

About the Company

Incorporated in 2004, Vsoft Technologies Private Limited (VTPL) is a Hyderabad (Telangana) based company, promoted by Mr. Murthy Veeraghanta. VTPL is engaged in providing Information technology (IT) and Information technology enabled services (ITes) primarily to banking, financial services and insurance sector (BFSI). It offers wide range of technology products and services along with platform based BPO services which cover payment systems and core banking solutions.

Unsupported Rating

Not applicable

Analytical Approach

Acuité has considered the standalone view of the business and financial risk profile of Vsoft Technologies private Limited (VTPL) to arrive at the rating.

Key Rating Drivers

Strengths

Extensive experience of the management team, strong vintage client base

VTPL, incorporated in 2004, provides information technology-based products and solutions to the BFSI segment. The promoter - Mr Murthy Veeraghanta has an experience of over 2 decades in the core banking IT solutions business and Software Development and Services. The long track record of operations and experience of the management supported by experienced management team has helped the company develop healthy relationships with its key customers. VTPL offers relatively complex services supported by its expertise, execution capabilities and long-standing relationships with its clients helped in strengthens its value proposition, it also helps in generating higher margins. VTPL has strong counterparties in Government, private, public sector majorly banks. VTPL offers services through software delivery and revenue models – License sale/Usage/outsourcing model (used

mostly for Core banking solutions) being a recurring revenue model.

Weaknesses

Delays in serving debt obligations

There have been delays reported in servicing debt obligation as per the credit bureau information report (CRIF) of VTPL. The Working Capital Demand Loan (WCDL) account (sanctioned on June 06,2024) has been classified as Special Mention Account (SMA) for the months of March 2025 to May 2025. Further, there have been delays of ~ 11 days reported in car loans.

Vulnerability of profitability to competitive pressures

The intense competition in the IT industry, especially the global landscape with larger peers and uncertainty on account of the evolving visa and immigration legislations in key developed markets are challenges that the industry faces. Like other companies in the industry, VTPL also faces challenges with respect to employee attrition rates. With rapid evolution of the Indian IT-enabled services sector, competition is intensifying as more companies vie for a share of the outsourcing pie. VTPL has to compete with multiple players in most of the verticals within the IT services business. Further, the IT industry is susceptible to risks related to technological changes, competition from substitutes and shifts in customer's preferences. This necessitates continued investments in technology upgradation.

Rating Sensitivities

- Timely servicing of debt obligations

Liquidity Position**Stretched**

The liquidity position of the company is marked stretched due to instance of delay in servicing loan obligation from March 2025 to May 2025.

Outlook-Not Applicable**Other Factors affecting Rating**

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	70.94	72.49
PAT	Rs. Cr.	0.12	2.45
PAT Margin	(%)	0.17	3.38
Total Debt/Tangible Net Worth	Times	0.24	0.23
PBDIT/Interest	Times	2.16	2.92

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
05 Apr 2024	Bank Guarantee (BLR)	Short Term	12.00	ACUITE A4+ (Reaffirmed)
	Proposed Bank Guarantee	Short Term	0.03	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	0.07	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A4+ (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	2.85	ACUITE BB+ Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	1.22	ACUITE BB+ Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	1.00	ACUITE BB+ Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	14.00	ACUITE BB+ Stable (Assigned)
	Proposed Cash Credit	Long Term	0.41	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	24.00	ACUITE BB+ Stable (Reaffirmed)
	Foreign Currency Term Loan	Long Term	3.42	ACUITE BB+ Stable (Reaffirmed)
17 Jul 2023	Bank Guarantee (BLR)	Short Term	12.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Proposed Bank Guarantee	Short Term	10.10	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Foreign Currency Term Loan	Long Term	12.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Proposed Cash Credit	Long Term	5.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	8.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Working Capital Demand Loan (WCDL)	Long Term	3.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Covid Emergency Line.	Long Term	4.90	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
19 Apr 2022	Bank Guarantee/Letter of Guarantee	Short Term	12.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3+)
	Proposed Bank Guarantee	Short Term	10.10	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3+)
	Foreign Currency Term Loan	Long Term	12.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Proposed Cash Credit	Long Term	5.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Cash Credit	Long Term	8.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Working Capital Demand Loan (WCDL)	Long Term	3.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Covid Emergency Line.	Long Term	4.90	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A4 Downgraded (from ACUITE A4+)
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.07	Simple	ACUITE A4 Downgraded (from ACUITE A4+)
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A4 Downgraded (from ACUITE A4+)
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A4 Downgraded (from ACUITE A4+)
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	24.00	Simple	ACUITE C Downgraded (from ACUITE BB+)
HDFC Bank Ltd	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.22	Simple	ACUITE C Downgraded (from ACUITE BB+)
HDFC Bank Ltd	Not avl. / Not appl.	Foreign Currency Term Loan	01 Feb 2020	Not avl. / Not appl.	30 Jun 2025	3.42	Simple	ACUITE C Downgraded (from ACUITE BB+)
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.03	Simple	ACUITE A4 Downgraded (from ACUITE A4+)
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.41	Simple	ACUITE C Downgraded (from ACUITE BB+)
HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.85	Simple	ACUITE C Downgraded (from ACUITE BB+)
HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Term Loan	10 Aug 2023	Not avl. / Not appl.	10 Aug 2031	15.00	Simple	ACUITE C Downgraded (from ACUITE BB+)

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