

Vama Industries Limited

June 08, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 12.00 Crore	Regulator^
Long Term Rating	IVR B+/Stable (Rating Downgraded)	RBI
Short Term Rating	IVR A4 (Rating Reaffirmed)	RBI
^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

The downgrade of the rating assigned by Infomerics Ratings to the bank facilities of Vama Industries Limited (VIL) reflects deterioration in the group's operational and financial performance during FY26, marked by decline in revenue and profitability. The downgrade also factors in the group's modest order book, limited near-term revenue visibility, dependence on a few large government and space-sector contracts, and vulnerability to delays in securing and executing fresh orders.

The ratings, however, continue to derive comfort from the group's experienced management team, comfortable capital structure characterized by low leverage, established relationships with reputed clients such as NSIL, ISRO and other institutional customers, and the expected recurring AMC revenues from the retained NSIL contract, which provide some stability to cash flows.

The ratings are constrained by the weak debt protection metrics and negative cash accruals during FY26, the tender-based nature of operations exposing the group to order concentration and execution risks, and the challenges associated with operating in the highly competitive IT consulting and system integration industry. The group's ability to secure meaningful order inflows, improve cash generation, and restore sustainable profitability will remain key rating monitorable going forward.

Outlook: Stable

The Stable Outlook reflects the group's comfortable capital structure, recurring AMC revenues, and expected order inflows from government and space-sector clients, which are likely to support

its credit profile despite the recent decline in scale and profitability. The outlook assumes gradual improvement in business performance through successful conversion and execution of new orders over the medium term.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Consolidation
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

Experienced management

The group is promoted and led by Mr. V. Atchyuta Rama Raju, who brings over two decades of industry experience. He is ably supported by Ms. V. Parvathi Vegesna, who has more than one decade of experience. The management team is further strengthened by a group of seasoned professionals and directors. Their collective expertise in the diversified support services industry, deep understanding of market dynamics, and well-established relationships across the IT-enabled services value chain are expected to continue supporting the group's business risk profile and overall growth strategy.

Comfortable capital structure

Despite reporting losses during FY26 (refers to period April 1st, 2025, to March 31st, 2026), the company's capital structure remained comfortable, supported by low reliance on external borrowings and a moderate net worth base. The overall gearing ratio stood at 0.15x as on March 31, 2026, compared to 0.05x as on March 31, 2025 (refers to period April 1st, 2024, to March 31st, 2025), primarily due to an increase in total debt to Rs. 2.34 crore from Rs. 0.94 crore in the previous year. Nevertheless, the debt levels continue to remain low relative to the group's adjusted tangible net worth of Rs.15.59 crore. The group's leverage profile is further supported by a comfortable TOL/ATNW ratio of 0.34x as on March 31, 2026 (FY25: 1.01x), indicating a low level of outside liabilities. The long-term debt-equity ratio remained negligible at 0.01x, reflecting

limited dependence on long-term borrowings. The overall financial risk profile continues to derive support from low leverage, moderate net worth, and limited debt obligations.

Reputed clientele and recurring AMC revenues

VIL has established long-standing relationships with reputed government, space-sector, and private-sector clients through its system integration, cloud infrastructure, and technology solutions offerings. The group's clientele includes organizations such as NewSpace India Limited (NSIL), ISRO, Parker Hannifin Filtration (US), Inc., and other institutional customers. The long-standing association with these entities supports business prospects and demonstrates the group's execution capabilities in specialized sectors. Further, the retention of a portion of the NSIL contract is expected to generate recurring AMC revenues, providing a degree of stability to cash flows and partially mitigating the inherent volatility associated with its project-based and tender-driven business model.

Weaknesses

Decline in operating performance, losses and limited revenue visibility

The group's operating performance witnessed deterioration during FY26, with total operating income declining by around 79.72% to Rs. 13.03 crore from Rs. 64.29 crore in FY25. The decline was primarily on account of the completion of the large NSIL order, which had supported the group's revenue and profitability in FY25, coupled with the absence of comparable order inflows and execution during FY26. Consequently, the lower operating scale resulted in an EBITDA loss of Rs.0.96 crore as against an EBITDA profit of Rs.1.77 crore in FY25. The decline in profitability was accentuated by finance costs, depreciation expenses and certain tax adjustments/provisions during the year, resulting in a net loss of Rs.2.34 crore in FY26 compared to a profit of Rs.1.80 crore in FY25. The decline in earnings underscores the group's dependence on a limited number of large-value government contracts and exposes it to revenue and profitability volatility. Further, the group's current executable order book remains modest, with future growth largely dependent on successful conversion of tenders and new order wins from government and space-sector entities, thereby constraining near-term revenue visibility.

Weak debt protection metrics and cash accruals

The decline in profitability during FY26 resulted in negative EBITDA, negative cash accruals of Rs. 1.69 crore, and weak debt protection indicators. Interest coverage moderated to (-1.00x) in FY26 from 8.42x in FY25, while DSCR declined to (-0.71x).

Tender based nature of operations

The group's business model is predominantly dependent on government tenders and a limited number of customers within the space and defence ecosystem. Such dependence exposes the group to delays in tender awards, execution risks, competitive bidding pressures, and significant fluctuations in revenue and profitability. The impact of non-recurrence of the large NSIL order during FY26 demonstrates the inherent concentration risk in the business profile.

Challenges and vulnerabilities in the IT consulting landscape

The group operates in a highly competitive industry characterized by rapid technological changes, pricing pressure, and the need for continuous order acquisition. Given its relatively modest scale compared to larger industry participants, the group remains vulnerable to competitive intensity, project execution risks, and fluctuations in technology spending by government and institutional clients.

Liquidity – Adequate

The group's liquidity position remains adequate, albeit moderated compared to FY25, owing to the decline in operating performance during FY26. The group reported a net loss, resulting in negative gross cash accruals of Rs.1.69 crore and negative cash flow from operations (CFO) of Rs.0.89 crore during the year. Nevertheless, liquidity continues to derive support from its low debt levels, comfortable capital structure, and adequate working capital position. As on March 31, 2026, the group maintained a current ratio of 2.65x and a quick ratio of 2.35x, indicating adequate coverage of short-term obligations. Further, the group's total debt remained modest at Rs. 2.34 crore against an adjusted tangible net worth of Rs.15.59 crore, providing financial flexibility. The liquidity profile is also supported by the expected recurring AMC revenues and the availability of unutilized working capital limits.

Rating Sensitivities

Upward Factors

- Substantial and sustained improvement in the revenue leading to improvement in profitability and debt protection metrics.
- Procurement of new orders providing medium term revenue visibility.

Downward Factors

- Any further decline in revenue and/or EBITDA margin impacting the debt protection metrics.
- Delay in procurement of new orders.

About the Company

Vama Industries Limited (VIL) is a Hyderabad-based, BSE-listed company engaged in providing system integration, engineering, cloud infrastructure, and IT solutions, primarily catering to the Space, Defence, and High-Performance Computing (HPC) sectors. The company undertakes turnkey projects and technology solutions for government, institutional, and private-sector clients, including organizations such as NSIL and ISRO.

About the Group

VAMA Group, comprising Vama Industries Limited and its wholly owned subsidiary Vama Technologies Pte. Ltd., Singapore, is engaged in providing system integration, engineering, cloud infrastructure, and IT-enabled solutions, primarily catering to niche sectors such as Space, Defence, and High-Performance Computing (HPC). The group undertakes turnkey projects and technology solutions for government, institutional, and private-sector clients, leveraging its long-standing presence and expertise in specialized technology domains.

Key Financial Indicators (Consolidated): Vama Group

For the year ended/ As on*	31-03-2025	31-03-2026**
	Audited	Audited
Total Operating Income	64.29	13.03
EBITDA	1.77	-0.96
PAT	1.80	-2.34
Total Debt	0.94	2.34
Tangible Net Worth (TNW)	17.44	15.59
EBITDA Margin (%)	2.75	-7.38
PAT Margin (%)	2.80	-17.47
Overall Gearing (times)	0.05	0.15

Interest Coverage (times)	8.42	-1.00
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**Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company*

Key Financial Indicators (Standalone): VIL

For the year ended/ As on*	31-03-2025	31-03-2026**
	Audited	Audited
Total Operating Income	64.24	15.01
EBITDA	1.96	1.39
PAT	1.98	0.02
Total Debt	0.94	2.34
Tangible Net Worth (TNW)	15.37	15.89
EBITDA Margin (%)	3.05	9.29
PAT Margin (%)	3.07	0.13
Overall Gearing (times)	0.06	0.15
Interest Coverage (times)	9.31	1.45

**Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company*

***Basis financials filed by the Company on Bombay Stock Exchange as on May 29, 2026; Notes to accounts is not available.*

Applicable Criteria

[Rating Methodology for Service Sector Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition and Post Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Criteria on Consolidation of companies](#)

Status of non-cooperation with previous CRA: Nil

Any other information: Nil



Rating History for last three years

Sr. No.	Instruments/Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
					August 11, 2025	-	-
1.	Fund based facilities	LT/ST	12.00	IVR B+/Stable/IVR A4	IVR BB-/Stable/IVR A4	-	-

Annexure 1: Instrument/Facility Details

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/Outlook	Listing Status	Regulator ^	Complexity Indicator
Proposed Bill Discounting	-	-	-	-	12.00	IVR B+/Stable/IVR A4	Not Applicable	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:

<https://infomericstorage.blob.core.windows.net/uploads/Len Vama Ind 08 Jun26 e3b6edfd74.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for Consolidated/Combined analysis:

Name of the entity	Extent of Consolidation	Rationale for consolidation
Vama Industries Limited	Full*	For arriving at the rating, Infomerics has taken the consolidated approach by combining financial profiles of Vama Industries Limited (VIL) and Vama Technologies PTE Limited [herein referred to as Vama Group]. The consolidation is on account of common management, legal linkages, and significant operational linkages.
Vama Technologies PTE Limited (Wholly owned subsidiary)	Full*	

* Intercompany transaction has been adjusted.

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) *	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings/Loans from overseas lenders/Loans from Multilaterals	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator such as IRDAI, PFRDA

Footnotes:

** Includes securitisation transactions involving assignee payout, acquirer's payout.*

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

@ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side regulators have been included.

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