

December 12, 2024

Supertron Electronics Private Limited: Update on material event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term Fund-based – Working Capital Facilities	380.00	380.00	[ICRA]A+ (Negative)
Long-term Fund based – Term Loan	40.00	40.00	[ICRA]A+ (Negative)
Short-term Non-Fund-based – Working Capital Facilities	336.00	336.00	[ICRA]A1
Short-term Non-Fund-based – Interchangeable [§]	(153.00)	(153.00)	[ICRA]A1
Long-term / Short-term – Unallocated Limits	190.00	190.00	[ICRA]A+ (Negative)/ [ICRA]A1
Total	946.00	946.00	

* Instrument details are provided in Annexure-I

§ Sub-limit of the non-fund-based working capital facilities

Rationale

Material Event

Supertron Electronics Private Limited (SEPL) has shared its FY2024 audited financials on December 3, 2024. The operating income of the company stood at around Rs. 6,730 crore in FY2024 as against around Rs. 5,182 crore in FY2023, registering a YoY growth of around 30%. The company reported a marginal dip in the operating and net margin to 2.6% (~3.0% in FY2023) and 1.4% (~1.6% in FY2023) respectively in FY2024. However, at an absolute level the operating profit was higher at ~Rs. 174 crore vis-à-vis ~Rs. 154 crore in FY2023.

Impact of Material Event

ICRA has noted the moderation in the debt protection metrics of the company in FY2024 compared to FY2023. ICRA has been engaging with the company to understand the reasons for the same as well as the outlook for the company. ICRA will continue to monitor the developments and assess the company's credit profile once clarity emerges on the same.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of the entity

About the company

Incorporated in 1993, Supertron Electronics Private Limited (SEPL) is in the business of IT products distribution and marketing of a number of IT hardware products, including desktops, laptops, monitors, external hard drives, flash drives, printers and servers, among others. A sizeable portion of its business comes from the sale of a range of products from Dell, Acer, Lenovo, Samsung and Seagate. SEPL has a pan-India presence and has a national exclusive distribution right for many of its products.

Key financial indicators (audited)

SEPL, Standalone	FY2023	FY2024
Operating income	5,181.5	6,730.4
PAT	84.3	97.5
OPBDIT/OI	3.0%	2.6%
PAT/OI	1.6%	1.4%
Total outside liabilities/Tangible net worth (times)	3.0	3.8
Total debt/OPBDIT (times)	3.1	3.2
Interest coverage (times)	4.2	3.3

Source: Supertron Electronics Private Limited, ICRA Research; 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	Current rating		Chronology of rating history for the past 3 years			
	Type	Amount rated (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022
			Dec 12, 2024	Feb 29, 2024	Nov 30, 2022	Dec 20, 2021
1 Fund-based – Working Capital Facilities	Long Term	380.00	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Stable)	[ICRA]A (Positive)
2 Fund based – Term Loan	Long Term	40.00	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Stable)	[ICRA]A (Positive)
3 Non-fund based – Working Capital Facilities	Short Term	336.00	[ICRA]A1	[ICRA]A1	-	[ICRA]A1
4 Non-fund based – Interchangeable [§]	Short Term	(153.00)	[ICRA]A1	[ICRA]A1	[ICRA]A1	-
5 Non-fund based – Letter of Credit	Short-term	-	-	-	[ICRA]A1	-
6 Non-fund based – Bank Guarantee	Short-term	-	-	-	[ICRA]A1	-
7 Non-fund based – Forward Contract	Short-term	-	-	-	[ICRA]A1	-
8 Unallocated Limits	Long Term/ Short Term	190.00	[ICRA]A+ (Negative)/ [ICRA]A1	[ICRA]A+ (Negative)/ [ICRA]A1	-	[ICRA]A (Positive)/ [ICRA]A1

[§] Sub-limit of the non-fund-based working capital facilities

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term fund-based – Working Capital Facilities	Simple
Long term fund based – Term Loans	Simple
Short-term Non-Fund-based – Working Capital Facilities	Very Simple
Short-term Non- Fund-based – Interchangeable	Very Simple
Long-term/ Short-term – Unallocated Limits	Not applicable

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 1	NA	NA	NA	25.00	[ICRA]A+ (Negative)
NA	Cash Credit 2	NA	NA	NA	35.00	[ICRA]A+ (Negative)
NA	Cash Credit 3	NA	NA	NA	30.00	[ICRA]A+ (Negative)
NA	Cash Credit 4	NA	NA	NA	10.00	[ICRA]A+ (Negative)
NA	Cash Credit 5	NA	NA	NA	23.00	[ICRA]A+ (Negative)
NA	Cash Credit 6	NA	NA	NA	60.00	[ICRA]A+ (Negative)
NA	Cash Credit 7	NA	NA	NA	2.00	[ICRA]A+ (Negative)
NA	Cash Credit 8	NA	NA	NA	20.00	[ICRA]A+ (Negative)
NA	Channel Financing	NA	NA	NA	175.00	[ICRA]A+ (Negative)
NA	Term Loan (GECL)	FY2021	NA	FY2026	40.00	[ICRA]A+ (Negative)
NA	Letter of Credit 1	NA	NA	NA	35.00	[ICRA]A1
NA	Letter of Credit 2	NA	NA	NA	25.00	[ICRA]A1
NA	Letter of Credit 3	NA	NA	NA	60.00	[ICRA]A1
NA	Letter of Credit 4	NA	NA	NA	25.00	[ICRA]A1
NA	Letter of Credit 5	NA	NA	NA	42.00	[ICRA]A1
NA	Letter of Credit 6	NA	NA	NA	26.00	[ICRA]A1
NA	Letter of Credit 7 ^{\$}	NA	NA	NA	(28.00)	[ICRA]A1
NA	Letter of Credit 8	NA	NA	NA	50.00	[ICRA]A1
NA	Bank Guarantee 1	NA	NA	NA	10.00	[ICRA]A1
NA	Bank Guarantee 2	NA	NA	NA	10.00	[ICRA]A1
NA	Bank Guarantee 3 ^{\$}	NA	NA	NA	(40.00)	[ICRA]A1
NA	Bank Guarantee 4 ^{\$}	NA	NA	NA	(25.00)	[ICRA]A1
NA	Bank Guarantee 5 ^{\$}	NA	NA	NA	(10.00)	[ICRA]A1
NA	Bank Guarantee 6	NA	NA	NA	21.00	[ICRA]A1
NA	Bank Guarantee 7	NA	NA	NA	28.00	[ICRA]A1
NA	Bank Guarantee 8 ^{\$}	NA	NA	NA	(50.00)	[ICRA]A1
NA	Forward Contract/ Derivative 1	NA	NA	NA	1.00	[ICRA]A1
NA	Forward Contract/ Derivative 2	NA	NA	NA	2.00	[ICRA]A1
NA	Forward Contract/ Derivative 3	NA	NA	NA	1.00	[ICRA]A1
NA	Unallocated Limits	NA	NA	NA	190.00	[ICRA]A+ (Negative)/ [ICRA]A1

Source: Supertron Electronics Private Limited

^{\$} Sub-limit of the non-fund-based working capital facilities

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Not applicable

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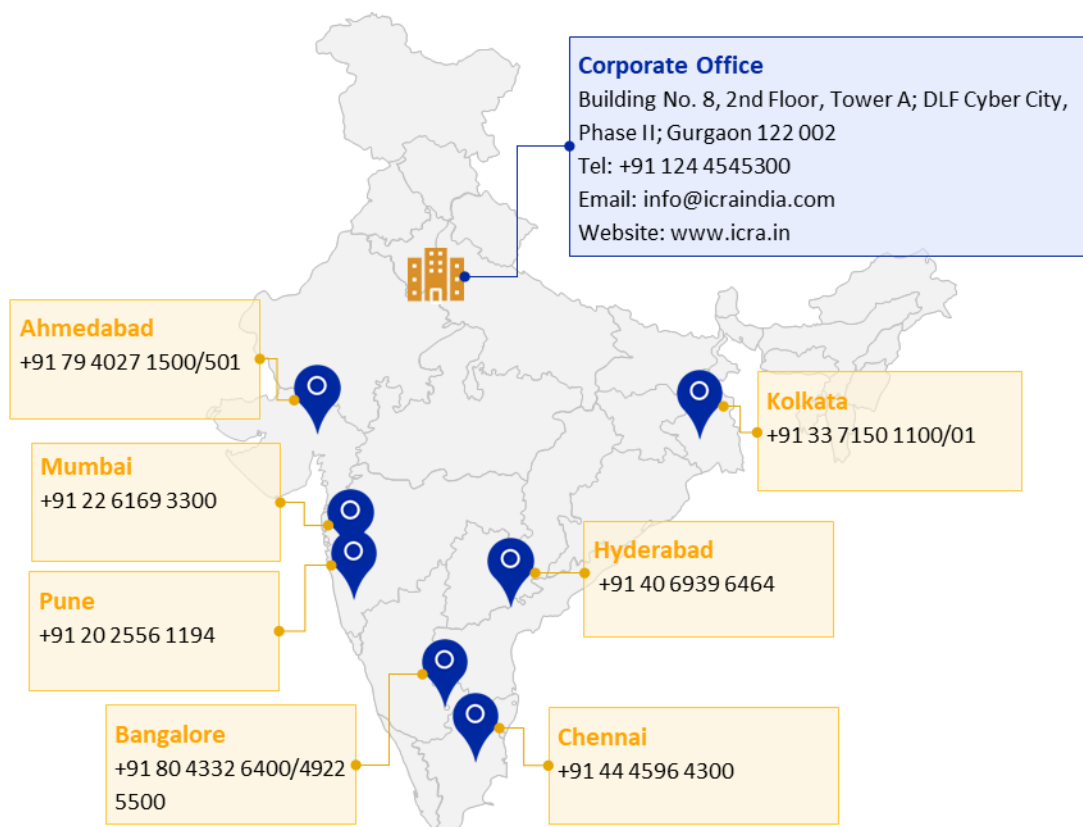


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