

April 30, 2025

Dawntech Electronics Pvt Ltd: Ratings reaffirmed; ratings of bank facilities of Rs. 900.0 crore withdrawn and simultaneously [ICRA]A- (Stable)/[ICRA]A2+ assigned

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/short-term – Fund-based – Working capital facilities-1	1,100.0	1,100.0	[ICRA]A-(Stable)/[ICRA]A2+; reaffirmed
Long-term/short-term – Fund-based – Working capital facilities-2	300.0	300.0	[ICRA]A-(Stable)/[ICRA]A2+; assigned, earlier rating of [ICRA]A (CE) (Stable)/[ICRA]A1 (CE) withdrawn.
Long-term/short-term – Fund-based – Working capital facilities-3	600.0	600.0	[ICRA]A-(Stable)/[ICRA]A2+; assigned, earlier rating of [ICRA]A (CE) (Stable)/[ICRA]A1 (CE) withdrawn.
Total	2,000.0	2,000.0	

*Instrument details are provided in Annexure-I

Rationale

ICRA has reaffirmed [ICRA]A- (Stable) / [ICRA]A2+ for Rs. 1,100-crore bank facilities of Dawntech Electronics Pvt Ltd (DEPL) and has withdrawn the ratings of [ICRA]A (CE) (Stable)/[ICRA]A1 (CE) for Rs. 900-crore bank facilities of DEPL and has assigned ratings of [ICRA]A- (Stable)/[ICRA]A2+ for these facilities. The rating action favourably factors in the healthy improvement in the scale of operations of the company along with established relationships with existing brands such as Samsung, LG, Sony, Whirlpool, etc. Backed by healthy demand for electronics appliances on e-commerce platforms, the company's revenues are estimated at Rs. 8,000.0–8,500.0 crore in FY2025 (Rs. 6,719.0 crore in 9M FY2025 and Rs. 7,363.7 crore in FY2024) and to further grow by 4-6% in FY2026 with sustained operating margins of 1.5 – 1.8%. Additionally, DEPL enjoys strong financial flexibility by way of support extended from the Salarpuria-Sattva Group in the form of unsecured loans. While the corporate guarantee given by Sattva Developers Private Limited is expected to fall off in the near term, the Salarpuria-Sattva Group is committed to extend timely financial support to DEPL, out of its need to protect its reputation from the consequences of a Group entity's distress. The Group has extended timely financial support to DEPL in the past, whenever need has arisen.

The ratings are, however, constrained by DEPL's modest profitability along with high working capital-intensive nature of the trading business. The utilisation of working capital lines remains volatile, peaking during the festive season, sales event or any new launches. The TOL/TNW remains elevated to fund the large volumes of inventory levels due to large number of SKUs and stock to be maintained at multiple locations. However, the inventory is largely moving. In case of any slow-moving goods, the brands and the entity come to an arrangement by way of bank offers and price reduction to sell the same, thereby liquidating inventory at discounted prices. The ratings are also constrained by the intense competition faced by DEPL from other sellers in the online market place and from offline retailers, along with low customer loyalty on the online platforms for e-commerce business. The online retail industry remains exposed to regulatory interventions, which can alter the competitive landscape significantly and in turn can have a material impact on the revenues and remains a key monitorable.

The Stable outlook on the rating reflects ICRA's opinion that DEPL will continue to benefit from its established relationships with multiple brands, healthy scale of operations and strong financial flexibility enjoyed, being a part of the Salarpuria-Sattva Group.

Key rating drivers and their description

Credit strengths

Strong promoter profile - Being a part of the Salarpuria-Sattva Group, DEPL enjoys strong financial flexibility through support extended from the Group in the form of unsecured loans. The Salarpuria-Sattva Group has extended timely financial support to DEPL in the past, whenever need has arisen. While the corporate guarantee given by Sattva Developers Private Limited is expected to fall off in the near term, the Salarpuria-Sattva Group is committed to extend timely financial support to DEPL, out of its need to protect its reputation from the consequences of a Group entity's distress. The Group has extended timely financial support to DEPL in the past, whenever need has arisen.

Healthy scale of operations with continued brand diversification – The company continues to benefit from its healthy scale of operations, wherein it is estimated to achieve revenues of Rs. 8,000.0–8,500.0 crore in FY2025 (Rs. 6,719.0 crore in 9M FY2025 and Rs. 7,363.7 crore in FY2024) and further grow by 4-6% in FY2026, backed by favourable demand for electronics appliances on e-commerce platforms. The operating margins of the company are expected to sustain at 1.5-1.8% in the medium term. The company also has established relationships with existing brands such as Samsung, LG, Sony, Whirlpool, etc. and caters to different product categories such as TVs, AC, refrigerators, etc.

Credit challenges

Modest profitability and high working capital requirements – The company's profitability continues to be modest, along with high working capital-intensive nature of the trading business. The utilisation of working capital lines remains volatile, peaking during the festive season, sales event or any new launches. The TOL/TNW remains elevated to fund the large volumes of inventory levels due to large number of SKUs and stock to be maintained at multiple locations. However, the inventory is largely moving. In case of any slow-moving goods, the brands and the entity come to an arrangement by way of bank offers and price reduction to sell the same, thereby liquidating inventory at discounted prices.

Stiff competition and regulatory risks in e-commerce business – The company faces intense competition from other sellers in the online marketplace and from offline retailers, along with low customer loyalty on the online platforms for e-commerce business. The online retail industry remains exposed to regulatory interventions, which can alter the competitive landscape significantly and can have a material impact on the revenues and remains a key monitorable.

Liquidity position: Adequate

DEPL's liquidity position is adequate. As on March 14, 2025, the company had free cash balance of Rs. 58.0 crore. In the past, the Group/promoters have extended support to DEPL in the form of unsecured loans, margin required for availing credit limits. Further, the company's working capital limit utilisation stood at moderate levels of 61% during the last 12 months ending January 2025.

Rating sensitivities

Positive triggers – ICRA could upgrade the ratings, if the entity demonstrates a healthy improvement in profitability and working capital cycle leading to improved debt protection metrics, on a sustained basis. Specific credit metrics which will lead to a rating upgrade include interest cover of 3.5 times, on a prolonged basis.

Negative triggers – Pressure on the ratings will arise, if there is a significant decline in profitability levels or elongation in working capital cycle affecting its liquidity position and debt protection metrics on a sustained basis. Additionally, any regulatory change, which would adversely impact the operations of the business, or any substantial investments in Group companies that significantly affects the company's liquidity will be a negative trigger. Weakening linkages with the parent group or its credit profile could also lead to pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Group Company: Salarpuria-Sattva Group ICRA expects the Salarpuria-Sattva Group to be willing to extend timely financial support to DAPL, should there be a need, given its high strategic importance for the Group for meeting its diversification objectives and also out of its need to protect its reputation from the consequences of a Group entity's distress. The Group has a consistent track record of extending timely financial support to DEPL in the past, whenever a need has arisen.
Consolidation/Standalone	Standalone.

About the company

DEPL was incorporated in December 2018. It was previously named as Mindcomp Skyscape Pvt Ltd and had commenced operations from September 2021. The company operates as an online retailer on Amazon Marketplace, engaging as a seller for large appliances such as AC, TV, refrigerator, etc.

Key financial indicators (audited)

DEPL	FY2023	FY2024	9MFY2025*
Operating income	6004.1	7363.7	6719.0
PAT	37.1	51.6	49.6
OPBDIT/OI	2.0%	2.1%	1.5%
PAT/OI	0.6%	0.7%	0.7%
Total outside liabilities/Tangible net worth (times)	42.3	16.1	9.0
Total debt/OPBDIT (times)	12.6	7.3	6.5
Interest coverage (times)	1.5	1.6	2.2

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amounts 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 (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Apr 30, 2025	Date	Rating	Date	Rating	Date	Rating
Fund based - Working Capital facilities 1	Long Term and Short Term	1,100.0	[ICRA]A-(Stable)/[ICRA]A2+	-	-	Jan 09, 2024	[ICRA]A-(Stable)/[ICRA]A2+	Dec 19, 2022	[ICRA]BBB (Stable)/[ICRA]A3+
				-	-	Jun 23, 2023	[ICRA]BBB (Stable)/[ICRA]A3+	-	-
				-	-	Apr 10, 2023	[ICRA]BBB (Stable)/[ICRA]A3+	-	-
Fund based - Working Capital facilities 2	Long Term and Short Term	300.0	[ICRA]A-(Stable)/[ICRA]A2+	-	-	Jan 09, 2024	[ICRA]A(CE) (Stable)/[ICRA]A1(CE)	Dec 19, 2022	[ICRA]BBB (Stable)/[ICRA]A3+
				-	-	Jun 23, 2023	[ICRA]BBB (Stable)/[ICRA]A3+	-	-
				-	-	Apr 10, 2023	[ICRA]BBB (Stable)/[ICRA]A3+	-	-
Fund based - Working Capital facilities 3	Long Term and Short Term	600.0	[ICRA]A-(Stable)/[ICRA]A2+	-	-	Jan 09, 2024	[ICRA]A(CE) (Stable)/[ICRA]A1(CE)	Dec 19, 2022	[ICRA]BBB (Stable)/[ICRA]A3+
				-	-	Jun 23, 2023	[ICRA]A(CE) (Stable)/[ICRA]A1 (CE)	-	-
				-	-	Apr 10, 2023	[ICRA]A(CE) (Stable)/[ICRA]A1(CE)	-	-
Working Capital facilities 4	Long Term and Short Term	-	-	-	-	Jan 09, 2024	Provisional [ICRA]A(CE) (Stable)/Provisional [ICRA]A1(CE); withdrawn	-	-
				-	-	Jun 23, 2023	Provisional [ICRA]A(CE) (Stable)/Provisional [ICRA]A1 (CE)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund based - Working capital facilities 1	Simple
Fund based - Working capital facilities 2	Simple
Fund based - Working capital facilities 3	Simple

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	Fund based - Working capital facilities 1	NA	NA	NA	1,100.0	[ICRA]A-(Stable)/[ICRA]A2+
NA	Fund based - Working Capital facilities 2	NA	NA	NA	300.0	[ICRA]A-(Stable)/[ICRA]A2+
NA	Fund based - Working Capital facilities 3	NA	NA	NA	600.0	[ICRA]A-(Stable)/[ICRA]A2+

Source: Company

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

Annexure II: List of entities considered for consolidated analysis- Not Applicable

ANALYST CONTACTS

Ashish Modani
+91 22 6169 3300
ashish.modani@icraindia.com

Anupama Reddy
+91 40 6939 6427
anupama.reddy@icraindia.com

Pulkit K Varshney
+91 80 4332 6427
pulkit.varshney@icraindia.com

Vishal R
+91 44 4596 4300
vishal.r@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

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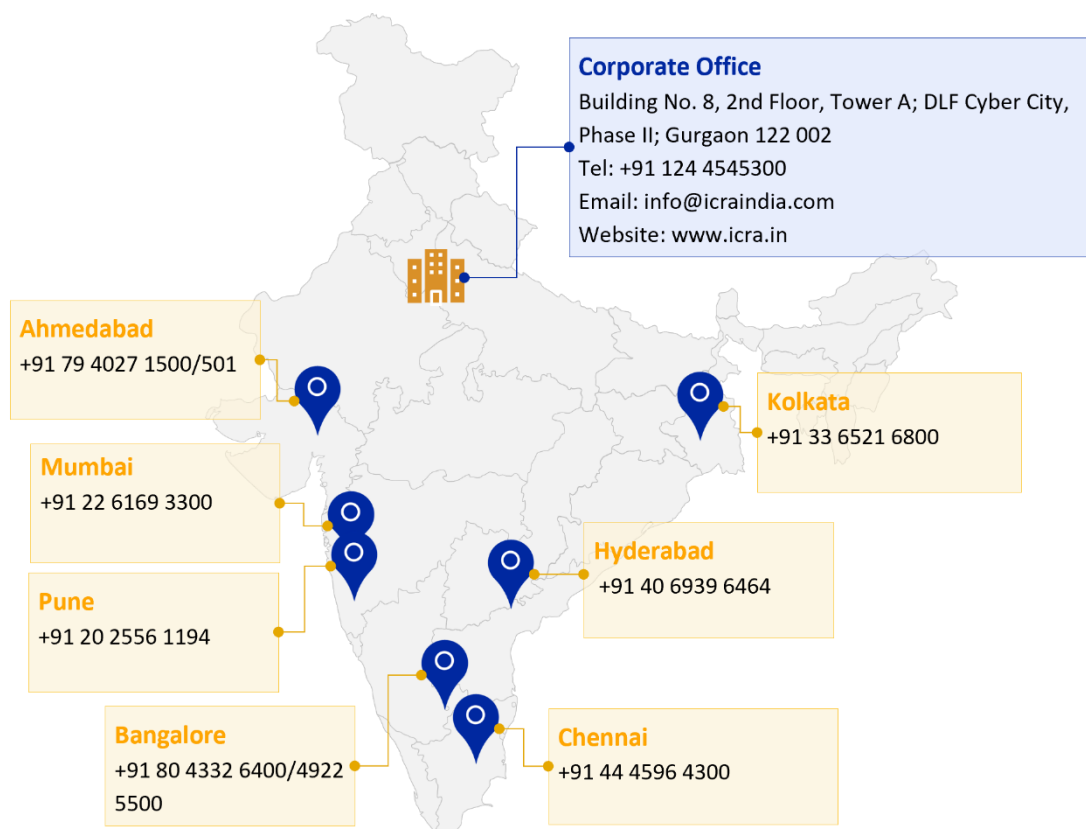
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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