

May 21, 2025

Team Computers Private Limited: Long-term rating reaffirmed; short-term rating upgraded to [ICRA]A1

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/ Fund-based/ CC	128.00	128.00	[ICRA]A (Stable); reaffirmed
Long-term/ Fund-based/ TL	7.75	7.75	[ICRA]A (Stable); reaffirmed
Short-term/ Non-fund based	74.00	74.00	[ICRA]A1; upgraded from [ICRA]A2+
Long-term/ Short-term – Unallocated limits	40.25	40.25	[ICRA]A (Stable)/ [ICRA]A1; Long-term rating reaffirmed, Short-term rating upgraded from [ICRA]A2+
Total	250.00	250.00	

*Instrument details are provided in Annexure I

Rationale

The short-term rating upgrade factors in the sustained improvement in Team Computers Private Limited's (TCPL/the company) liquidity position and ICRA's expectation that it will remain strong going forward. The rating actions also consider ICRA's expectation that TCPL's financial profile will continue to be comfortable, characterised by healthy revenue growth and robust cash flows over the near to medium term.

In FY2025, the company witnessed significant revenue growth of 53.7%, driven by a revival in demand after a revenue decline of 20% in FY2024, which had resulted from a slowdown in demand due to an oversupply situation for end-computing devices. ICRA expects the company to leverage its current healthy order book position and consistent order inflows to achieve improved cash accruals going forward. Further, TCPL's financial profile is expected to remain comfortable, as reflected by low gearing and healthy debt protection metrics, except for TOL/TNW, which remains elevated owing to high payables.

The ratings also factor in the company's established relationships with a diversified vendor base, which includes all major IT original equipment manufacturers (OEMs). However, supplier concentration risk has been skewed towards Apple products over the past couple of years due to increased demand. The ratings continue to be supported by TCPL's established relationships with clients across both public and private sectors. The entity's national presence enables it to cater to a wide end-user base spanning sectors and regions. Also, a healthy demand outlook for the sector in the medium to long term, given the growing focus on IT infrastructure and digitisation, provides further comfort.

The ratings, however, remain constrained by TCPL's inherently low margins, primarily arising from its infrastructure business, which largely involves hardware trading of end-user computing devices, networking, and security infrastructure. However, TCPL's increased focus on value addition and product diversification is expected to support gradual margin expansion in the long term. Moreover, the ratings are constrained by moderately high leverage, as reflected in elevated TOL/TNW levels. TCPL also faces stiff competition from numerous regional players, which limits its pricing power. Also, business performance may be adversely affected by economic slowdowns, which could result in end customers reducing their IT budgets.

The Stable outlook on the long-term rating reflects ICRA's expectation that TCPL is expected to witness sustained growth in its revenues while maintaining its profitability and liquidity levels. Further, the outlook underlines ICRA's expectation that the entity will maintain its debt metrics, as its working capital cycle will largely remain stable.

Key rating drivers and their description

Credit strengths

Established relationships with reputed clients – Given its pan-India presence and established relationships with OEMs and customers, TCPL's revenues are generally driven by repeat business from its clientele. Around 70–80% of its existing customers place repeat orders. In addition, TCPL continues to add reputed clients to its portfolio from both public and private sectors. The company also enjoys a widespread presence across the country, supported by its well-established distribution network, strong workforce and technical expertise, which bolster its overall business prospects.

Healthy demand outlook for IT hardware products – Despite the revenue decline in FY2024, the industry demand is expected to remain healthy in the medium to long term, as evidenced by the significant revenue growth in FY2025. Demand is anticipated to remain buoyant for IT end-user products and related infrastructure, with expectations of stability in the near to medium term. This is supported by increasing efforts to strengthen IT infrastructure and related technology and digitisation initiatives by the company's end customers. In FY2025, the company achieved estimated revenues of Rs. 3,448.8 crore on a consolidated basis. By the end of FY2025, it had a healthy order book, providing revenue visibility to support the growth momentum.

Comfortable financial risk profile – TCPL's cash accruals grew significantly in FY2025 over the previous fiscal. The estimated top line at the consolidated level grew by 53.7% in FY2025 over FY2024, driven by demand revival, consistent order inflows and efficient execution. Going forward, the top line is further expected to grow on the back of consistent client additions, regular repeat orders from existing clientele and further diversification towards margin accretive revenue streams such as cloud technology, software and security business. The company's estimated capital structure and coverage indicators improved marginally in FY2025, and remained comfortable with a gearing of 0.39 times, an interest coverage ratio of 9.4 times and a DSCR of 4.6 times on a consolidated basis. Over the past several years, the company's liquidity position witnessed a significant improvement, as reflected by free cash balances of ~Rs. 240 crore, as on March 31, 2025, compared to Rs. 145 crore in FY2024. ICRA expects TCPL's coverage metrics to be comfortable in the near to medium term, supported by growing cash accruals and limited debt and capex requirements.

Credit challenges

Inherently low margins amid intense competition in a fragmented industry – TCPL's major business division, i.e., infrastructure (82.2% of revenue contribution in 9M FY2025 at a standalone level), is largely a hardware sales business with inherently low margins. However, the margins have remained largely stable and range-bound at 3-3.5%, depending on the deal mix and the share of margin-accretive services business.

High leverage as reflected in elevated TOL/TNW levels – TCPL's working capital requirements are sizeable, given the need to offer credit to its customers. A large part of this funding requirement is met by credit from vendors, resulting in high outside liabilities. TCPL's estimated TOL/TNW, has remained elevated and stood at 2.25 times, as on March 31, 2025, in comparison to 2.32 times as on March 31, 2024. Further, the contracts are generally back-to-back, and in the absence of any incentive for early payments, the overall level of creditors has remained high, resulting in elevated TOL/TNW. ICRA, however, notes that the creditors mainly constitute established vendors and OEMs.

High supplier concentration continues – Over the past several years, the company's supplier concentration has been skewed towards Apple, which continues to remain the OEM with highest share of revenue. In 9M FY2025, the revenue share from Apple increased to 46.5%, up from 37.3% in FY2024.

Liquidity position: Strong

The company's liquidity is strong, supported by an average cushion of ~Rs. 66 crore from unutilised working capital limits during the 12 months ending February 2025, along with positive cash flows from operations. TCPL has no major loan

repayments. Its liquidity is further supported by free and unencumbered cash balances of ~Rs. 240 crore as on March 31, 2025 at the consolidated level. The liquidity is further aided by nominal capex plans going forward.

Rating sensitivities

Positive factors – The ratings may be upgraded if there is a substantial scale-up in the company’s operations with sustained increase in profitability while improving its liquidity profile.

Negative factors – The ratings may be downgraded if the company is unable to scale up its operations and maintain its profitability. Any substantial funding support or cash outflow, leading to increased indebtedness or deterioration in liquidity profile will also be a negative rating factor. Further, TOL/TNW over 2.75 times, on a sustained basis, might also result in a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidation

About the company

Team Computers Private Limited, incorporated in 1987, offers services in IT infrastructure such as mobility and computing solutions, networking and communication, cloud services, business analytics, and Google Solutions, among others. As a flagship entity of the Group, the company is one of the largest players in the infrastructure solutions space, offering services from 26 offices and more than 250 support locations across the country. TCPL has a well-diversified client base comprising private companies as well as several public-sector units. TCPL is a privately held company, with Mr. Ranjan Chopra and his family holding a 100% stake.

TCPL holds less than 20% stake in an event management company, Zorba Entertainment Private Limited, which is promoted by Mr. Chopra and family. Kockpit Analytics Private Limited (formerly Team Analytics Private Limited), a wholly-owned subsidiary of TCPL, develops analytical software; while Team Business Solutions is TCPL’s US subsidiary. The Group also has interests in the hospitality business, and has a related entity named Team Hotels and Resorts Private Limited (Team Hotels) that runs a hotel in Goa, which commenced operations in FY2023. The company also has other associates, namely Qutab Entertainment Private Limited and Tatvahill Homes Private Limited, which operate in the hospitality business.

Key financial indicators (audited)

TCPL consolidated	FY2023	FY2024
Operating income	2805.64	2243.77
PAT	55.85	56.39
OPBDIT/OI	3.00%	3.41%
PAT/OI	1.99%	2.51%
Total outside liabilities/Tangible net worth (times)	2.22	2.32
Total debt/OPBDIT (times)	1.21	1.45
Interest coverage (times)	16.05	9.09

Source: Company, 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

Instruments	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	May 21, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based/CC	Long term	128.00	[ICRA]A (Stable)	Jul 05, 2024	[ICRA]A (Stable)	Mar 18, 2024	[ICRA]A (Stable)	Jan 23, 2023	[ICRA]A (Stable)
Fund based/TL	Long term	7.75	[ICRA]A (Stable)	Jul 05, 2024	[ICRA]A (Stable)	Mar 18, 2024	[ICRA]A (Stable)	Jan 23, 2023	[ICRA]A (Stable)
Non-fund Based	Short term	74.00	[ICRA]A1	Jul 05, 2024	[ICRA]A2+	Mar 18, 2024	[ICRA]A2+	Jan 23, 2023	[ICRA]A2+
Unallocated Limits	Long term and short term	40.25	[ICRA]A (Stable)/[ICRA]A1	Jul 05, 2024	[ICRA]A (Stable)/[ICRA]A2+	Mar 18, 2024	[ICRA]A (Stable)/[ICRA]A2+	Jan 23, 2023	[ICRA]A (Stable)/[ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Fund Based/CC	Simple
Long-term/Fund Based/TL	Simple
Short-term/Non-Fund Based	Very simple
Long Term/Short Term- Unallocated Limits	NA

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	-	NA	-	128.00	[ICRA]A(Stable)
NA	Term loans	FY2020	NA	FY2024	7.75	[ICRA]A(Stable)
NA	Non-fund based	-	NA	-	74.00	[ICRA]A1
NA	Unallocated limits	-	NA	-	40.25	[ICRA]A(Stable)/ [ICRA]A1

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Team Computers Private Limited	-	Full consolidation
Kockpit Analytics Private Limited	100.00%	Full consolidation
Team Business Solutions LLC	100.00%	Full consolidation
Zorba Entertainment Private Limited	<20.00%	Full consolidation
Qutab Entertainment Private Limited	<20.00%	Full consolidation
Tatvahill Homes Private Limited	<20.00%	Full consolidation

Source: Company

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