

July 15, 2025

## Inflow Technologies Pvt Ltd: Ratings upgraded; outlook revised to Stable

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term - Fund based (CC)	350.10	350.10	[ICRA]AA-(Stable); upgraded from [ICRA]A+ with change in outlook to stable from positive
Long-term - Interchangeable	(300.10)	(300.10)	[ICRA]AA-(Stable); Upgraded from [ICRA]A+ with Change in Outlook to Stable from positive
Short-term - Fund based	250.00	250.00	[ICRA]A1+; Upgraded from [ICRA]A1
Short-term – Interchangeable	(600.00)	(600.00)	[ICRA]A1+; Upgraded from [ICRA]A1
Short-term - Fund based/Non-Fund Based - Interchangeable	(600.00)	(600.00)	[ICRA]A1+; Upgraded from [ICRA]A1
<b>Total</b>	<b>600.10</b>	<b>600.10</b>	

\*Instrument details are provided in Annexure I

### Rationale

The upgrade in the ratings of Inflow Technologies Private Limited (ITPL or company) considers the healthy scale-up in operations over recent years, with a robust financial risk profile, which the company is expected to sustain going forward as well. ITPL reported an operating income of Rs. 5,995.5 crore in FY2025, registering a year-on-year (YoY) growth of 22%, aided by a stable business profile and healthy demand for its product offerings. While the operating profit margin (OPM) remains modest, reflecting the structural characteristics of the distribution business and elevated trading costs, the company's capital structure and coverage indicators continue to be healthy. This is underpinned by limited capital expenditure requirements and steady internal accruals over the years—a trend expected to persist going forward. While ITPL's TOL/TNW at 1.9 times as of March 2025 was higher than the positive trigger of 1.5 times, comfort is derived from its low gearing, which stood at 0.3 times as on March 31, 2025, as well as coverage indicators such as interest cover and Total Debt/OPBITDA, which were comfortable at 12.5 times and 1.0 times, respectively, in FY2025. The capital structure and coverage metrics are expected to improve going forward, with higher scale and accruals, and modest capex requirements.

The ratings continue to positively factor in ITPL's strong parentage as a wholly-owned subsidiary of Savex Technologies Private Limited (STPL), a well-established entity in the distribution of branded computers, peripherals, mobile phones, and accessories. ITPL is expected to derive operational synergies from its association with STPL, including access to STPL's extensive distribution network. Given ITPL's healthy financial profile and adequate liquidity position, external funding requirements are not anticipated over the near to medium term. Nevertheless, STPL is expected to extend timely and need-based financial support, if required. The ratings also reflect ITPL's established operational track record, wide distribution reach, and long-standing relationships with global technology vendors, which continue to support its brand positioning. Further, the company's robust risk management practices provide comfort by mitigating counterparty credit risk, inventory obsolescence, and foreign exchange risk to a large extent.

The ratings are, however, constrained by the company's inherently low operating margins, in line with the distribution nature of business, stemming from limited value addition and competition. ITPL's receivable levels have remained high over the years due to extended credit period offered to the customers, along with substantial billing towards the end of the financial year. However, ITPL's ability to obtain extended credit period from its vendors mitigates the impact on working capital to an extent.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will benefit from its strong parentage and healthy demand outlook for its products and continue to maintain a comfortable financial risk profile going forward.

## Key rating drivers and their description

### Credit strengths

**Strong parentage** – ITPL benefits from strong parentage as it is a wholly-owned subsidiary of Savex Technologies Private Limited (STPL), a well-established player in the distribution of branded computers, peripherals, mobile phones, and accessories. The company is expected to derive operational synergies from its association with STPL, including access to STPL's extensive distribution network. Given ITPL's healthy financial profile and adequate liquidity position, it is not expected to require external funding support over the near to medium term. Nevertheless, STPL is expected to extend timely and adequate financial support to ITPL, should there be a need.

**Strong distribution channel and long-term associations with global technology vendors** – Over the last two decades, the company has established a strong distribution network comprising 19 branches across India, Singapore, Nepal, Bangladesh and Sri Lanka. It has more than 2,600 channel partners and over 50 technology vendors. The company is present across the information security, networking infrastructure and application software segments and focuses on value-added assignments such as automatic identification and data capture (AIDC), point of sale (PoS), etc. Established brand presence of the vendors ensures consistent demand and the increasing penetration with the channel partners would aid in revenue growth.

**Risk management practices mitigate counterparty credit risk, inventory obsolescence and foreign currency fluctuations to a large extent** – The company has a robust credit risk management framework for its system integrators and channel partners. In addition to conducting internal credit assessments for new customers, ITPL avails credit insurance, which significantly mitigates counterparty credit risk. Further, with approximately 95% of its sales being order-backed, the company faces minimal inventory obsolescence risk. While imports constitute a substantial portion of its procurement, exposing ITPL to foreign exchange risk, the company hedges its entire forex exposure through forward contracts, thereby largely insulating its profitability from currency fluctuations.

**Healthy financial risk profile** – The company has a healthy scale of operations with an operating income of Rs. 5,995.9 crore in FY2025 at a CAGR of around 20.0% over FY2021–FY2025. The revenue growth has been supported by its established market position and sustained demand for its product offerings. Although the operating profit margin (OPM) remains modest, owing to the structural characteristics of the distribution business and elevated trading costs, the company's capital structure and coverage indicators continue to be healthy, marked by gearing of 0.3 times and Total Debt/OPBITDA of 1.0 times in FY2025. This is supported by limited capital expenditure and steady internal accruals over the years, ICRA expects the company's capital structure and coverage metrics to remain comfortable over the medium term.

### Credit challenges

**Inherently low margins** – Historically, the trading segment of ITPL's business has been characterised by inherently low margins, with steady-state operating profit margins remaining modest in the range of 4–5% over the past few years (4.2% in FY2025). While the company has made notable investments in developing higher-margin verticals such as training, technical consultation, and managed services, the overall margin profile is expected to remain range-bound, given the structural nature of its core distribution business.

**Intense competition from established distribution companies limits pricing flexibility** – Intense competition from other established distribution players such as Redington (India) Limited and Ingram Micro Inc constrains ITPL's pricing flexibility to an extent. The limited pricing power, coupled with the inherent nature of the distribution business, continues to exert pressure on operating profit margins. Nonetheless, ITPL's presence in the value-added distribution segment catering to enterprise clients has enabled it to achieve relatively superior margins compared to its peers, thereby providing some cushion to its overall profitability.

**Dependence on performance of principals** – The company has tie-ups with large players such as CISCO Systems, Arista, Hewlett Packard Enterprise (HP), Zebra Solutions, Palo Alto Networks and other reputed players in the industry, which cater to the data network architecture as well as data-asset protection space. The products of the top three vendors (CISCO, HPE, Arista) contributed more than 68% of the revenues in FY2025, and thus the performance of the principal is critical for the business. Nevertheless, addition of new vendors over the last few years mitigates the risk to an extent.

**High receivable and payable levels** – ITPL’s receivable level remained high over the years due to extended credit period offered to the customers, along with substantial billing towards the end of the financial year. However, ITPL’s ability to obtain extended credit periods from its vendors mitigates the impact on working capital, to an extent. The procurements of products are backed by the credit period offered by the vendors and working capital borrowing. As a result, ITPL’s TOL/TNW stood at 1.9 times as on March 31, 2025. The same is expected to improve going forward, with higher scale and accruals, and modest capex requirements.

### Liquidity position: Adequate

ITPL’s liquidity is adequate, supported by unencumbered cash and liquid investments of Rs. 120.7 crore and undrawn working capital lines of Rs. 365.70 crore as on March 31, 2025, even after meeting its working capital requirements. Against these sources of cash, the company does not have any repayment obligations and has an annual capex of around Rs. 5 crore. Also, STPL would extend timely and adequate financial support to ITPL, should there be a need.

### Rating sensitivities

**Positive factors** – ICRA may upgrade ITPL’s ratings, if there is a meaningful and sustained improvement in its scale of operations and working capital cycle, while maintaining a steady margin profile, leading to a reduction in debt levels and improvement in coverage indicators. Any material improvement in the credit profile of the parent company will also lead to a review of the ratings.

**Negative factors** – Pressure on ITPL’s ratings may arise, if there is any significant decline in revenues and profitability. Besides, any adverse change in the credit terms offered by the major vendors and/or a stretch in the receivables, exerting pressure on the liquidity position, may trigger a downgrade in ratings. Specific credit metrics for a downgrade would include interest coverage of less than 6.0 times, on a sustained basis. Further, any weakening in linkages with the parent company, or material deterioration in the parent’s credit profile, could lead to a review of ratings.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Savex Technologies Pvt Ltd
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of ITPL

### About the company

Incorporated in 2005, Inflow Technologies Pvt Ltd (ITPL) was promoted by Mr. Byju Pillai. ITPL distributes IT products that include hardware products and software licences along with providing support services through 19 branches across India, Singapore, Nepal, Bangladesh and Sri Lanka. The company is engaged with over 2,900 channel partners through which it offers solutions to more than 7,000 end customers. The company is a national distributor for over 70 global technology vendors.

## Key financial indicators (audited)

ITPL consolidated	FY2023	FY2024	FY2025*
Operating income	4146.0	4921.3	5995.9
PAT	161.6	159.7	175.5
OPBDIT/OI	5.1%	4.4%	4.2%
PAT/OI	3.9%	3.2%	2.9%
Total outside liabilities/Tangible net worth (times)	2.3	1.9	1.9
Total debt/OPBDIT (times)	0.5	0.5	1.0
Interest coverage (times)	45.2	14.1	12.5

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. Financial ratios in the report are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances.

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	15 July 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based (CC)	Long-term	350.10	[ICRA]AA-(Stable)	30-Dec-24	[ICRA]A+(Positive)	07-Aug-23	[ICRA]A+(Stable)	17-Jun-22	[ICRA]A+(Stable)
				28-Nov-24				01-Jun-22	
Interchangeable	Long-term	(300.10)	[ICRA]AA-(Stable)	30-Dec-24	[ICRA]A+(Positive)	07-Aug-23	[ICRA]A+(Stable)	17-Jun-22	[ICRA]A+(Stable)
				28-Nov-24				01-Jun-22	
Fund-based	Short-term	250.00	[ICRA]A1+	30-Dec-24	[ICRA]A1	07-Aug-23	[ICRA]A1	17-Jun-22	[ICRA]A1
				28-Nov-24				01-Jun-22	
Interchangeable	Short-term	(600.00)	[ICRA]A1+	30-Dec-24	[ICRA]A1	07-Aug-23	[ICRA]A1	17-Jun-22	[ICRA]A1
				28-Nov-24				01-Jun-22	
Fund-based / Non-fund Based	Short-term	0.00	-	-	-	-	-	17-Jun-22	[ICRA]A1
								01-Jun-22	
Fund-based / Non-fund Based - Interchangeable	Short-term	(600.00)	[ICRA]A1+	30-Dec-24	[ICRA]A1	07-Aug-23	[ICRA]A1	-	-
				28-Nov-24					
Unallocated	Long-term/Short-term	0.00	-	-	-	-	-	17-Jun-22	[ICRA]A+(Stable)/[ICRA]A1

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term Fund-based (CC)	Very Simple
Long Term Interchangeable	Simple
Short Term Fund-based	Simple

Short Term Interchangeable	Simple
Short-term Fund-based / Non-fund Based - Interchangeable	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	Long Term Fund-based (CC)	NA	NA	NA	350.10	[ICRA]AA-(Stable)
NA	Long Term Interchangeable	NA	NA	NA	(300.10)	[ICRA]AA-(Stable)
NA	Short Term Fund-based	NA	NA	NA	250.00	[ICRA]A1+
NA	Short Term Interchangeable	NA	NA	NA	(600.00)	[ICRA]A1+
NA	Short-term Fund-based / Non-fund Based - Interchangeable	NA	NA	NA	(600.00)	[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
Inflow Technologies (Singapore) Pte Ltd	100.00%	Full consolidation
Inflow Technologies SL (Pvt Ltd) - Subsidiary of Inflow Technologies (Singapore) Pte Ltd	100.00%	Full consolidation

Source: Company

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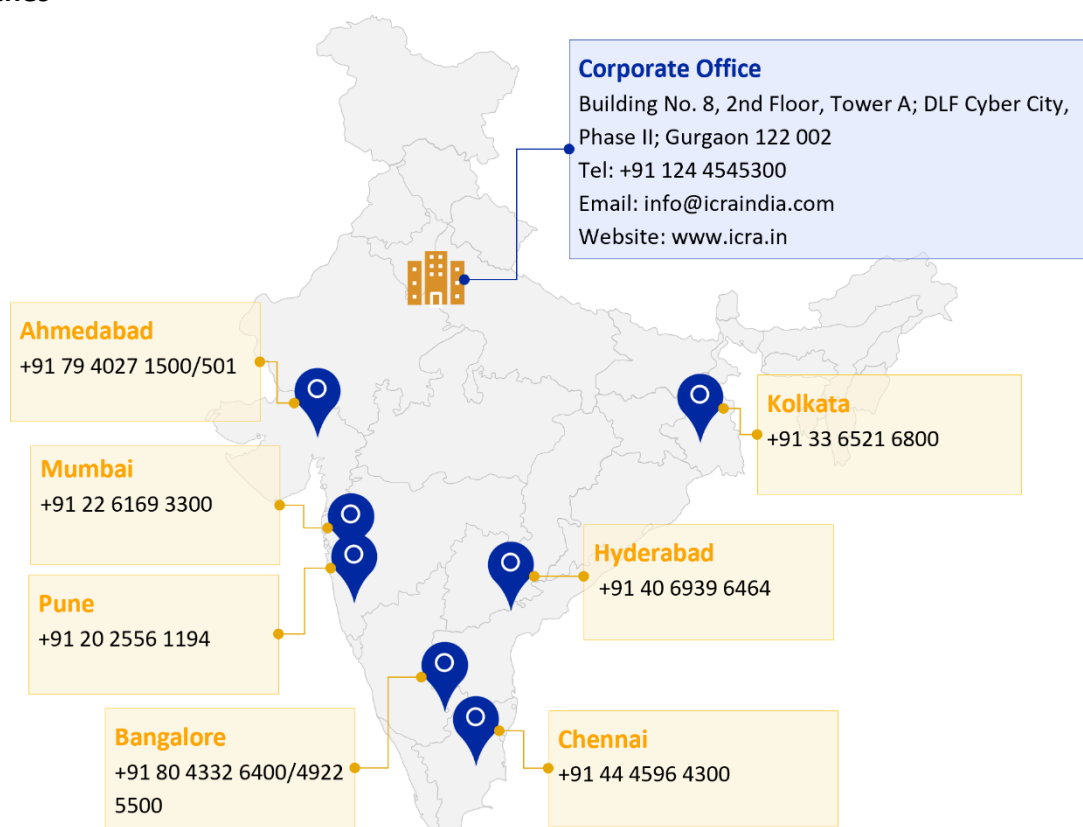
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