

March 10, 2026

Acer India (Pvt) Ltd.: Ratings reaffirmed and assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term – Non-fund based – Bank guarantee	1,081.40	1,129.40	[ICRA]A-(Stable) /[ICRA]A2+; Reaffirmed/Assigned for enhanced amount
Total	1,081.40	1,129.40	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation for Acer India (Pvt.) Ltd. (AIPL) factors in its established business position in the domestic Personal Computer (PC) market and its strong parentage in Acer Inc. (AI), among the leading players in the global PC market with strong brand presence in key geographies. AI's revenue in CY2024 witnessed a YoY growth of 9.7% to NT\$ 264.7 billion owing to overall market share of AI at the global front. Further, the growth has continued in 9M CY2025, with the company reporting a revenue of NT\$ 201.3 billion and growth of 1.3%. Further, AI's margins have largely remained stable over 9M CY2025 and CY2024. AIPL enjoys flexible credit terms on sourcing from its parent (the 'Acer Group') along with marketing, management and product support as both companies operate in the same business segment. Further, over the years, AIPL has established a well-entrenched distribution network by associating with numerous channel partners to cater to retail/ commercial/ enterprise customer requirements. Supported by its brand strength, the company has developed established relationships with its key customers, who are reputed entities. Leveraging on these strengths, AIPL has reported healthy growth in its revenues to Rs. 6,076 crore in FY2025, registering a CAGR of 53% over FY2021-FY2025.

AIPL's market share^[1] in the domestic PC industry, over the past five years, increased to 15% in Q3 CY2025 from 9.5% in Q3 CY2020. However, in FY2026, the company's growth is expected to moderate slightly due to the base effect as well as the inherent cyclical nature in the industry. The ratings also factor in AIPL's healthy financial profile, characterised by steady cash flow generation, net debt-free status, comfortable credit metrics and an adequate liquidity position.

However, the ratings are constrained by AIPL's thin operating profit margins, which are attributable to the trading nature of its business and limited pricing flexibility owing to intense competition in the industry. Nevertheless, ICRA also notes that the overall business environment in the PC segment continues to be challenging due to the extended replacement cycle and competition from the tablet and smartphone segments, wherein AIPL has a limited but growing presence. The company also has sizeable contingent liabilities, whose materialisation can have an adverse impact on its credit profile.

The Stable outlook on the long-term rating reflects ICRA's opinion that AIPL's credit profile will continue to be supported by its strong parentage, established brand and market position, enabling it to generate steady growth in revenue and earnings.

^[1] As per International Data Corporation (IDC)

Key rating drivers and their description

Credit strengths

Strong brand presence in international and domestic markets – AI is one of the leading players in the global computer market, with a market share of around 6% in Q4 CY2025. AIPL is the third-largest player in the PC market in India with a market share of 15% in Q3 CY2025 (as per IDC).

Financial and operational support from the parent company – AIPL, a wholly-owned subsidiary of AI, derives significant support from its parent in terms of flexible credit periods on purchased products, import invoicing in the Indian currency, sourcing products at short notice and receiving marketing, management and product support since both companies operate in the same business segment. Moreover, the parent has extended letters of comfort (LoCs)/ corporate guarantees against the limits availed by AIPL in India.

Well-entrenched distribution network and established relationships with key customers, including reputed entities – AIPL has a diversified geographical footprint, supported by its well-entrenched distribution network. The entity has around 500 retail touch points across India consisting of exclusive Acer stores and various multi-brand stores, including Vijay Sales, Chroma and Reliance Retail. Moreover, the company's client base includes reputed names such as Tata Consultancy Services Limited, Flipkart India Private Limited, Redington (India) Ltd., Superton Electronics Pvt. Ltd. and Ingram Micro India Pvt. Ltd., with whom the company enjoys strong relationships built over many years.

Healthy financial profile – The company's financial profile remains healthy, as reflected by its growing scale of operations and higher accrual generation, comfortable capital structure, healthy coverage metrics and adequate liquidity position. AIPL remained debt-free as on March 31, 2025, and its credit facilities are primarily in the form of bank guarantees, which are used to provide earnest money deposits and performance guarantees for contract orders. The company's capital structure remains healthy with a net worth of Rs. 308 crore as on March 31, 2025, and adequate liquidity with free cash and bank balance of Rs. 235 crore as on December 31, 2025. Moreover, AIPL follows a prudent financial policy of insuring the bulk of its receivables and hedging its foreign currency exposures. ICRA expects the company's financial profile to remain comfortable with steady cash flow generation and a net debt-free status.

Credit challenges

Thin operating margin – The company's Operating Profit Margin (OPM) and Net Profit Margin (NPM) remain low, in line with the nature of the trading business, high competitive intensity of the industry and the transfer pricing agreement with its parent. AIPL's OPM has remained modest at 1.3% in FY2025, which is expected to remain stable at 1.0% over the near-to-medium term.

Intensely competitive market – The industry is characterised by intense price-based competition among players. This limits the pricing flexibility for players across the industry, resulting in thin margins. Moreover, the computer market is very competitive and AIPL generally prices its products below its other Multinational competitors. This is due to the intense competition in the desktop and laptop markets, which has kept a tight control over product pricing. The margins are especially low for tender-based Government sector orders.

Risks associated with sizeable contingent liabilities – As of March 2025, AIPL reported contingent liabilities of Rs. 772 crore in income tax demands and Rs. 175 crore in indirect tax demands. The company received a favourable order from the income tax tribunal for some of the disputed demands in FY2025. Nonetheless, any adverse rulings in these ongoing legal cases can have an adverse impact on AIPL's financial profile. However, this risk is mitigated to some extent, considering AIPL's liquidity and extended parent support.

Liquidity position: Adequate

AIPL's liquidity profile remains adequate, supported by steady internal cash flow generation, free cash balances and fixed deposits of Rs. 235 crore and undrawn, fund-based working capital limits of Rs. 64 crore as on December 31, 2025. ICRA also notes the funding support from AIPL's parent in the form of an extended credit period and no scheduled debt repayment liability. Moreover, the company's financial flexibility is strengthened by its debt-free status and strong parentage.

Rating sensitivities

Positive factors – ICRA may upgrade AIPL's ratings if there is a significant increase in revenue and earnings and growth in the company's market share or of the Acer Group on a sustained basis, leading to further strengthening of the standalone credit profile. Moreover, the strengthening of AI's (parent) credit profile along with evidence of continued strong linkages between AI and AIPL will also be a positive factor.

Negative factors – ICRA may downgrade AIPL's ratings if there is sustained pressure on revenue and earnings, or a stretch in the liquidity position, weakening the company's credit profile. Moreover, the weakening of AI's credit profile or strategic

linkages between AIPL and AI could also exert pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/group Support	AIPL's ratings factor in the high likelihood of its parent, Acer Inc., extending financial support to it because of the close business linkages between them. ICRA also expects Acer Inc. to be willing to extend financial support to AIPL out of its need to protect its reputation from the consequences of a group entity's distress.
Consolidation/standalone	The ratings are based on the standalone financial profile of AIPL.

About the company

AIPL, founded in 1999, is a 100% subsidiary of Acer Inc., a global major in hardware and electronics. The company is among the top five suppliers of personal computers in India and supplies tablets, laptops, notebooks, monitors and IFPs.

Key financial indicators (audited)

Acer India (Pvt) Ltd. (Standalone)	FY2024	FY2025
Operating income	5011.8	6076.2
PAT	68.1	61.1
OPBDITA/OI	0.9%	1.3%
PAT/OI	1.4%	1.0%
Total outside liabilities/tangible net worth (times)	9.3	6.0
Total debt/OPBDITA (times)	0.2	0.0
Interest coverage (times)	11.1	14.2

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore.

PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Instrument	Current rating(FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	March 10, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Non-fund based - Bank guarantee	Long-term/Short-term	1129.40	[ICRA]A-(Stable)/[ICRA]A2+	January 29, 2025	[ICRA]A-(Stable)/[ICRA]A2+	October 06, 2023	[ICRA]BBB+(Stable)/[ICRA]A2	August 04, 2022	[ICRA]BBB+(Stable)/[ICRA]A2

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term - Non-fund based - Bank guarantee	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	Bank Guarantee	NA	NA	NA	1,129.40	[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

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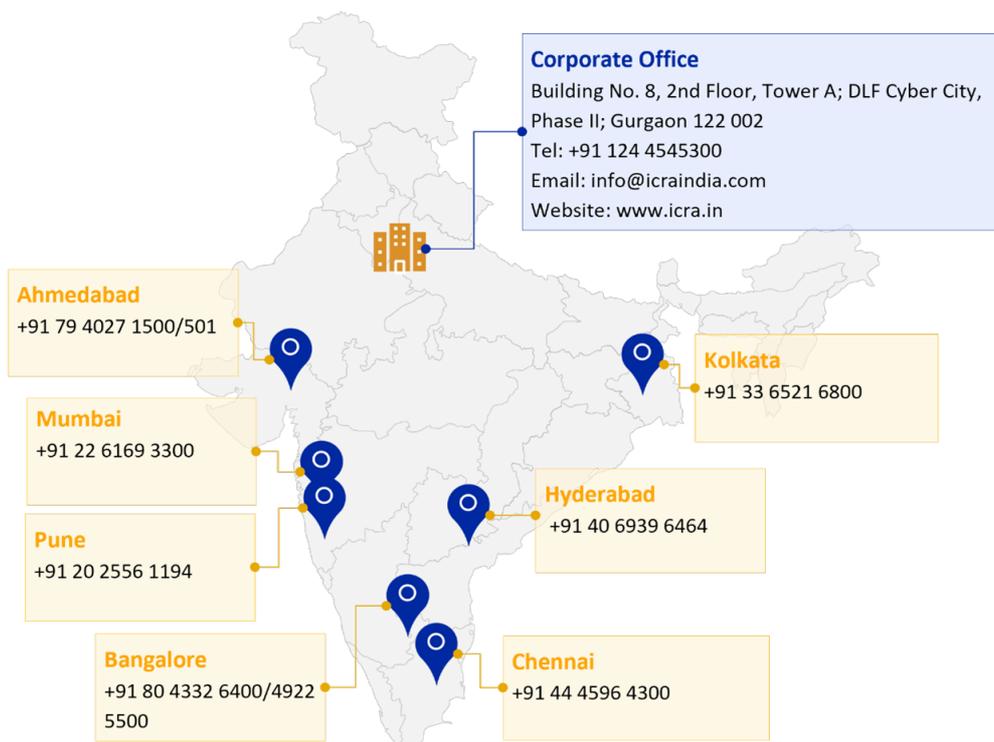


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