

May 30, 2025

Supertron Electronics Private Limited: Ratings downgraded to [ICRA]A/ [ICRA]A2+, outlook revised to Stable from Negative

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Working Capital Facilities	380.00	420.00	[ICRA]A, downgraded from [ICRA]A+; outlook revised to Stable from Negative
Long-term Fund based – Term Loan	40.00	9.00	[ICRA]A, downgraded from [ICRA]A+; outlook revised to Stable from Negative
Short-term Non-Fund-based – Working Capital Facilities	336.00	486.00	[ICRA]A2+, downgraded from [ICRA]A1
Short-term Non-Fund-based – Interchangeable [§]	(153.00)	(290.00)	[ICRA]A2+, downgraded from [ICRA]A1
Long-term / Short-term – Unallocated Limits	190.00	31.00	[ICRA]A/ [ICRA]A2+, downgraded from [ICRA]A+ / [ICRA]A1; outlook revised to Stable from Negative
Total	946.00	946.00	

*Instrument details are provided in Annexure I

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

Rationale

To arrive at the ratings of Supertron Electronics Private Limited (SEPL), ICRA has revised the rating approach to a consolidated view from earlier approach of standalone view. This change in approach is on account of addition of a few subsidiary units over the past couple of years. While assigning the ratings, ICRA has considered the consolidated financial statements of SEPL, along with its subsidiaries, Supertron Singapore Pte. Ltd., Prointek Global Innovation Private Limited, Supertron Infotech Trading LLC and Leaf Studios Private Limited, owing to the substantial operational, managerial and financial linkages among them.

The downward revision in the ratings of SEPL considers the breach in the negative trigger of interest cover, earlier specified, on a sustained basis, which is unlikely to improve significantly in the medium term on the back of a very competitive business environment, putting consistent pressure on the operating margin along with increased finance costs. ICRA also notes the moderation in the debt coverage indicators of the company, on a consolidated basis, over the past two years. Nevertheless, ICRA expects the interest cover of the company would continue to remain in the range of 3-4 times, going ahead.

Meanwhile, the ratings consider the established track record of the company in the IT hardware distribution business, which along with various tie-ups with leading IT hardware manufacturers strengthens its operating profile. The company has a strong distribution network, supported by a wide base of channel partners, catering to consumer and enterprise segments, in more than 950 cities and towns, enabling it to have a diversified geographical presence across the country. The company has ventured into mobility products distribution business to various Government departments since FY2024. This, along with favourable demand for IT hardware products would lead to a healthy revenue growth for the company, going forward.

The ratings, however, factor in the intensely competitive nature of the IT hardware distribution business, which limits pricing flexibility and the scope of margin expansion. SEPL has a relatively concentrated vendor base, with product sales of the top five vendors cumulatively contributing around 74% to the top line in FY2025 [provisional – (P)]. Further, its revenues are susceptible to the performance of its key principals with around 21% of its revenue in FY2025 (P) derived from distributing products of a single OEM. Nonetheless, ICRA notes that the strong market position of the vendors mitigates the concentration risk to an extent. As a sizeable portion of the contracts with the top vendors are exclusive in nature, the vendors are also

dependent on SEPL to increase their own market share in the country, reducing the risk further. SEPL is also dependent on imports for a sizeable share of its overall procurement and is thus exposed to forex risks as well. However, the company has been able to mitigate such risks to an extent owing to partial hedging through forward covers as well as price protection and discounts offered by the vendors, which also protect the company from the risks of inventory obsolescence.

The Stable outlook on the long-term rating reflects ICRA's opinion that SEPL's operational and financial performances will continue to benefit from its established track record of operations and generation of adequate cash flows relative to its debt service obligations.

Key rating drivers and their description

Credit strengths

Established player in the IT hardware distribution business, exclusive tie-ups with leading product manufacturers – SEPL is an established player in the IT hardware distribution business, having tie-ups with leading hardware OEMs like Dell, Acer, Seagate, Lenovo, and Samsung, among others. SEPL's product offerings include desktops, laptops, monitors, hard drives, flash drives, printers, servers, and tablets, besides other IT hardware products. A sizeable share of the company's top line is contributed by the sale of products through exclusive distributorship tie-ups, ensuring a relatively secure revenue stream. In FY2024, the company also started supplying mobility products to various Government authorities, women/ student empowerment scheme, under sub-contracting arrangements.

Wide distribution network with low customer concentration risk – The company has an established customer base of over 12,000 dealers in more than 950 cities and towns. The customer concentration has been low, with the top 10 customers accounting for only around 24% of total sales in FY2024 (18% in FY2023). As growth prospects are higher in tier-II and tier-III cities, SEPL has an extensive reach in these areas through a strong distributor network and is planning to increase its presence in these markets further.

Healthy top line growth likely in the current fiscal – The turnover of SEPL, on a consolidated basis, witnessed a steady growth during FY2019-FY2022, on the back of its wide distribution network, new business acquisitions via new vendor tie-ups and increased business from its existing channel partners. However, loss of business of Dell in India resulted in a decline in the top line of the company by around 7% in FY2023 on a YoY basis. The company has forayed into the new business segment for distribution of mobility products to various Government authorities under women/ student empowerment scheme in FY2024. This led to an improvement in revenue by around 30% in FY2024 over the previous fiscal. ICRA notes that the turnover of SEPL, on a standalone basis, rose to around Rs. 6,979 crore in FY2025 (P) from around Rs. 6,730 crore in FY2024, largely driven by an increase in the market share of Dell in India. Accordingly, ICRA estimates that the top line of the consolidated operations of the company is likely to register a YoY growth of around 4% in FY2025. The demand for IT hardware products is likely to remain favourable in the near-to-medium term. In view of this, along with the growing scale of operations of the subsidiaries, ICRA expects SEPL, on a consolidated basis, to register a revenue growth of 10-12% in FY2026, on a YoY basis.

Pan-India presence through channel partners and branch offices – SEPL has been able to establish a pan-India footprint through a wide network of channel partners and branch offices. In FY2024, the southern region was the largest revenue contributor, contributing ~38% to the company's top line, followed by the northern and western regions with revenue share of around 27% and 26%, respectively. Eastern India contributed the least to the top line across the years.

Credit challenges

Intense competition from established distribution companies limits pricing flexibility – The operating profit margin (OPM) of the company is inherently low due to the nature of the industry in which it operates, which is characterised by intense competition among players in a high volume, low margin business. Moreover, competition from other well-established IT hardware distribution companies restricts its pricing flexibility. Limited pricing flexibility, coupled with the nature of the business, keeps its margins thin. ICRA notes that the OPM of the company, on a consolidated basis, declined to 2.6% in FY2024 from 3.0% in FY2023 on the back of competitive pricing pressure, foray into low-margin mobility products distribution business and increased overheads. The same is estimated to decline further to around 2.3% in FY2025. The net margin was impacted

by high interest costs and stood low at 1.4% in FY2024. The OPM of SEPL, on a consolidated basis, is likely to remain at 2.3-2.5% in FY2026. The net margin would continue to remain low and in the range of 1.2-1.4% in FY2026. The RoCE, however, is likely to remain at a comfortable level of 15-16%, going forward.

Declining profitability, resulting in weakening of debt protection metrics – ICRA notes that declining margins along with increased borrowing costs of the company resulted in a sharp deterioration in the interest coverage to 3.4 times in FY2024 from 6.9 times in FY2022. The same is estimated to remain at a similar level in FY2025. The overall coverage indicators of the company have also witnessed a deterioration over the past two years. Low profitability and high debt level would continue to exert pressure on the debt protection metrics of the company, going forward.

Dependence on performance of the principals – Sales of products from Dell, Lenovo, Acer, Seagate, and Samsung, SEPL's largest suppliers, account for the major portion of the company's revenues. Products of these five vendors accounted for around 74% (75% in FY2023) of SEPL's revenue in FY2025 (P), among which Dell alone contributed 21%. This exposes the company to the vendor concentration risk. Moreover, ICRA notes that loss of business of Dell in India led to a decline in the top line of the company in FY2023 over the previous fiscal. Thus, the performance of the principal remains critical for SEPL's business. Nevertheless, the company has forayed into the new business segment for distribution of mobility products to various Government authorities under the sub-contracting arrangement. Also, continuous addition of new vendors minimises such concentration risk to a certain extent.

High working capital intensive nature of operations – The company has high stocking requirements and has to extend large credit to its dealers/ channel partners. This exerts pressure on its liquidity position. Relatively higher working capital intensity of operations along with increasing scale of operations necessitated increased working capital requirement over the past two years. Moreover, the company has to extend sizeable non-fund based facilities to avail credit from its OEMs. This also increased its overall working capital borrowings in the recent past.

Exposure to forex risks – The company remains exposed to adverse movement in forex rates as a significant portion of goods is imported and no export sales take place. Such risks are, however, mitigated by the partial hedging policy followed by the company as well as the price protection offered by SEPL's vendors.

Liquidity position: Adequate

The company, on a consolidated level, is likely to generate positive cash flow from operations in FY2026. However, the working capital requirement would continue to remain high, which is likely to be funded through creditors as well as working capital borrowings. SEPL has limited debt repayment obligations of Rs. 16-17 crore, including lease liabilities, in the current fiscal. SEPL's average utilisation of the working capital limits stood at around 87% during the last 15 months ended in April 2025. The company, on a consolidated basis, is likely to generate cash accruals of Rs. 90-110 crore in FY2025 and FY2026. In view of the surplus cash/ bank balance, undrawn working capital facilities and absence of any major planned capital expenditure programme, ICRA expects the overall liquidity position of the company to remain adequate, going forward. The company is also in the process of tying up additional working capital facilities with the banks, which if sanctioned, would add to its liquidity buffer.

Rating sensitivities

Positive factors – ICRA may upgrade SEPL's ratings if there is a sustained healthy increase in its profitability, which along with an improvement in the working capital cycle positively impacts the debt protection metrics.

Negative factors – Pressure on SEPL's ratings may arise if an elongation in the working capital cycle adversely impacts the liquidity position of the company. Specific credit metrics that could result in ratings downgrade include an interest cover below 3.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Supertron Electronics Private Limited. As on March 31, 2025, the company had four subsidiaries, which are enlisted in Annexure – II.

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. Since 2024, the company started supplying mobility products to various Government authorities, women/ student empowerment scheme, under sub-contracting arrangements. At present, SEPL has four subsidiaries – Supertron Singapore Pte. Ltd. (SSPL), Prointek Global Innovation Private Limited (PGIPL), Supertron Infotech Trading LLC (SITL) and Leaf Studios Private Limited (LSPL).

SSPL, a Singapore-based entity, is engaged in sourcing of branded IT hardware and peripherals directly from the OEMs based in abroad and supply to various Government Department/ authorities in India.

PGIPL is engaged in the manufacturing of interactive flat panels (IFPDs) and unified communication tools (webcam, video bar etc.) tailored for schools, colleges, and corporate entities. The products are sold under the brand – ‘Solitaire’.

SITL, a Dubai-based entity, delivers cutting-edge cloud and SaaS solutions, empowering businesses with technology. The entity collaborates with Zoho, Dropbox, DocuSign and Sophos, to provide comprehensive cloud services, security products, and SaaS technology. The company caters to Europe, Middle East, and Africa (EMEA) market.

LSPL manufactures smart wearable devices like earbuds, smart watches, headphones etc. The assembling unit of the entity is located in Noida. The products are sold under the brand, ‘Leaf’ and in the form of D2C over renowned e-commerce platform/ company website.

Key financial indicators (audited)

SEPL	Standalone			Consolidated	
	FY2023	FY2024	FY2025*	FY2023	FY2024
Operating income	5,181.5	6,730.4	6,979.5	5,188.5	6,749.3
PAT	84.3	97.5	89.5	84.7	98.3
OPBDIT/OI	3.0%	2.6%	2.3%	3.0%	2.6%
PAT/OI	1.6%	1.4%	1.3%	1.6%	1.5%
Total outside liabilities/Tangible net worth (times)	3.0	3.8	3.6	3.0	3.8
Total debt/OPBDIT (times)	3.1	3.2	3.4	3.1	3.2
Interest coverage (times)	4.2	3.3	3.4	4.2	3.4

Source: Supertron Electronics Private Limited, ICRA Research; * Provisional numbers; 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	Type	Current rating (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	May 30, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Working Capital Facilities	Long Term	420.00	[ICRA]A (Stable)	Dec 12, 2024	[ICRA]A+ (Negative)	Feb 29, 2024	[ICRA]A+ (Negative)	Nov 30, 2022	[ICRA]A+ (Stable)
Fund based – Term Loan	Long Term	9.00	[ICRA]A (Stable)	Dec 12, 2024	[ICRA]A+ (Negative)	Feb 29, 2024	[ICRA]A+ (Negative)	Nov 30, 2022	[ICRA]A+ (Stable)
Non-fund based – Working Capital Facilities	Short Term	486.00	[ICRA]A2+	Dec 12, 2024	[ICRA]A1	Feb 29, 2024	[ICRA]A1	-	-
Non-fund based – Interchangeable⁵	Short Term	(290.00)	[ICRA]A2+	Dec 12, 2024	[ICRA]A1	Feb 29, 2024	[ICRA]A1	Nov 30, 2022	[ICRA]A1
Non-fund based – Letter of Credit	Short-term	-	-	-	-	-	-	Nov 30, 2022	[ICRA]A1
Non-fund based – Bank Guarantee	Short-term	-	-	-	-	-	-	Nov 30, 2022	[ICRA]A1
Non-fund based – Forward Contract	Short-term	-	-	-	-	-	-	Nov 30, 2022	[ICRA]A1
Unallocated Limits	Long Term/ Short Term	31.00	[ICRA]A (Stable)/ [ICRA]A2+	Dec 12, 2024	[ICRA]A+ (Negative)/ [ICRA]A1	Feb 29, 2024	[ICRA]A+ (Negative)/ [ICRA]A1	-	-

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	Fund-based Working Capital Facilities 1	NA	NA	NA	25.00	[ICRA]A (Stable)
NA	Fund-based Working Capital Facilities 2	NA	NA	NA	45.00	[ICRA]A (Stable)
NA	Fund-based Working Capital Facilities 3	NA	NA	NA	40.00	[ICRA]A (Stable)
NA	Fund-based Working Capital Facilities 4	NA	NA	NA	10.00	[ICRA]A (Stable)
NA	Fund-based Working Capital Facilities 5	NA	NA	NA	23.00	[ICRA]A (Stable)
NA	Fund-based Working Capital Facilities 6	NA	NA	NA	80.00	[ICRA]A (Stable)
NA	Fund-based Working Capital Facilities 7	NA	NA	NA	2.00	[ICRA]A (Stable)
NA	Fund-based Working Capital Facilities 8	NA	NA	NA	20.00	[ICRA]A (Stable)
NA	Channel Financing	NA	NA	NA	175.00	[ICRA]A (Stable)
NA	Term Loan (GECL)	FY2021	NA	FY2026	9.00	[ICRA]A (Stable)
NA	Letter of Credit 1	NA	NA	NA	65.00	[ICRA]A2+
NA	Letter of Credit 2	NA	NA	NA	80.00	[ICRA]A2+
NA	Letter of Credit 3	NA	NA	NA	25.00	[ICRA]A2+
NA	Letter of Credit 4	NA	NA	NA	52.00	[ICRA]A2+
NA	Letter of Credit 5	NA	NA	NA	26.00	[ICRA]A2+
NA	Letter of Credit 6 [§]	NA	NA	NA	(28.00)	[ICRA]A2+
NA	Letter of Credit 7	NA	NA	NA	72.00	[ICRA]A2+
NA	Bank Guarantee 1	NA	NA	NA	95.00	[ICRA]A2+
NA	Bank Guarantee 2 [§]	NA	NA	NA	(65.00)	[ICRA]A2+
NA	Bank Guarantee 3 [§]	NA	NA	NA	(80.00)	[ICRA]A2+
NA	Bank Guarantee 4 [§]	NA	NA	NA	(25.00)	[ICRA]A2+
NA	Bank Guarantee 5 [§]	NA	NA	NA	(20.00)	[ICRA]A2+
NA	Bank Guarantee 6	NA	NA	NA	39.00	[ICRA]A2+
NA	Bank Guarantee 7	NA	NA	NA	28.00	[ICRA]A2+
NA	Bank Guarantee 8 [§]	NA	NA	NA	(72.00)	[ICRA]A2+
NA	Forward Contract/ Derivative 1	NA	NA	NA	1.00	[ICRA]A2+
NA	Forward Contract/ Derivative 2	NA	NA	NA	2.00	[ICRA]A2+
NA	Forward Contract/ Derivative 3	NA	NA	NA	1.00	[ICRA]A2+
NA	Unallocated Limits	NA	NA	NA	31.00	[ICRA]A (Stable)/ [ICRA]A2+

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

Company Name	SEPL's Ownership	Consolidation Approach
Supertron Singapore Pte. Ltd.	99.9%	Full Consolidation
Prointek Global Innovation Private Limited	90.0%	Full Consolidation
Supertron Infotech Trading LLP	100.0%	Full Consolidation
Leaf Studios Private Limited	90.0%	Full Consolidation

Source: Supertron Electronics Private Limited

ANALYST CONTACTS

Mr. Jitin Makkar

+91 0124 4545 368

jitinm@icraindia.com

Ms. Kinjal Shah

+91 22 6114 3442

kinjal.shah@icraindia.com

Mr. Sujoy Saha

+91 33 6521 6805

sujoy.saha@icraindia.com

Mr. Sandipan Kumar Das

+91 33 6521 6807

sandipan.das@icraindia.com

RELATIONSHIP CONTACT

Mr. 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

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

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

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.