

Supertron Electronics Private Limited

June 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	429.00 (Reduced from 437.00)	CARE A; Stable	Reaffirmed; Outlook revised from Positive
Short-term bank facilities	576.00 (Enhanced from 486.00)	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Supertron Electronics Private Limited (SEPL) factors in steady scale of operation in FY25 and sustenance of capital structure and debt coverage indicators. Revision in outlook to stable is considering its inability to achieve anticipated revenue and sustain its operating margin in FY25. Revenue has improved by ~3.50% in FY25 which was lower-than-anticipated growth while profit before interest, lease rentals, depreciation and taxation (PBILDT) margin has moderated from 2.56% in FY24 to 2.25% in FY25.

Ratings continue to derive strength from long experience of promoters, long-established association with reputed principals, established market position in the domestic Information Technology (IT) distribution industry, widespread geographical distribution network with a well-diversified mix of product offerings and low inventory obsolesce risk.

However, ratings are constrained by the working capital intensive operations, low operating profitability margins, principal concentration risk, forex fluctuation risk, and intense competition in the IT hardware distribution business.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improving operating margins (PBILDT) beyond 3% on a sustained basis.
- Total debt to gross cash accruals (TD/GCA) of less than 3.0x on a sustained basis.

Negative factors

- Moderating operating margins below 2% on a sustained basis.
- Deterioration in gross current assets days beyond current levels.
- TD/GCA of over 8.0x on a sustained basis.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has revised the analytical approach from standalone to consolidated considering increasing scale of operation in the subsidiary companies (namely Supertron Singapore Pte Limited, Prointek Global Innovation Private Limited, Supertron Infotech Trading LLC and Leaf Studio Private Limited) incorporated/acquired over the past few years, having operational, financial and managerial linkages with SEPL.

Outlook: Stable

Stable outlook reflects SEPL's ability to sustain its operational and financial performance considering long track record of operation in the distribution of IT hardware and peripherals and established relationship with its principals.

Detailed description of key rating drivers:

Key strengths

Experienced promoter marked by long and established track record of operations

SEPL was incorporated in 1993 and has a long and established track record of trading operations for over three decades. The long track record of operations has enabled the company to establish a strong distribution and marketing network across India, which has led to the addition of new principals and newer product profiles in its distribution portfolio. Currently, the company is managed by VK Bhandari, who has over three decades' operational experience and has maintained long-term relationships with its principals and customers.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Established relationships with reputed principals and diversified product portfolio

The company's diversified network and long experience of promoters have facilitated it to establish relationships with reputed brands and deal in over 50 diverse IT product categories. SEPL has maintained long-term relationships with its suppliers, including Dell, Seagate, Acer, Lenovo and Samsung among others. Majority contracts with principals are exclusive, therefore the principals also depend on SEPL to some extent.

Steady scale of operations with moderation in operating profitability

On a standalone basis, total operating income (TOI) improved by 3.5% from ₹6730 crore in FY24 to ₹6966 crore in FY25 (provisional). However, the growth was lower than year-over-year (y-o-y) growth of ~30% reported in FY24. The subdued growth in FY25 is attributable to lower sales from commercial segment (distribution of products in bulk to PSUs and government authorities) which the company had forayed in FY24. The company booked revenue of ₹1000 crore from the commercial segment in FY25 against ₹1300-1400 crore booked in FY24. The moderation in revenue from commercial segment was due to lower demand from government in elections and Mahakumbh festival. On a consolidated basis, the company reported revenue of ₹7024.46 crore in FY25.

All the major principals except Acer reduced margin by 0.1-0.2% in FY25, therefore, PBILDT margin moderated from 2.56% in FY24 to 2.25% in FY25. Considering moderation in PBIDT margin, profit after tax (PAT) margin also moderated from 1.46% in FY24 to 1.26% in FY25.

In the current fiscal, the company reported sales of ₹700 crore in April 2025.

Satisfactory capital structure and debt protection metrics

Capital structure stood satisfactory with overall gearing improving from 1.26x as of March 31, 2024, to 1.07x as of March 31, 2025, mainly due to accretion of profits to reserve. TD/GCA remained stable at 6.73x in FY25 (6.26x in FY24) and interest coverage ratio stood unchanged at 3.30x in FY24 and FY25 (provisional).

Low inventories obsolesce/price risk

Electronics industry in India faces high price volatility risk as products are exposed to factors including changing market demand and a volatile rupee. However, such risk is mitigated since SEPL has a price protection clause included in its contracts with principals, where the principal may either reimburse SEPL in cash or adjust the change in pricing in the form of a credit note, which can be used for future purchases from the supplier. In the case of a product that remains unsold by resellers considering defect or obsolescence, which is directly returned to principles by resellers, reducing SEPL's liability.

Key weaknesses

Principal concentration risk, despite established position of principals in their respective segment

SEPL continues to derive majority revenue primarily from Dell, Samsung, Acer, Lenovo, and Seagate (74% in FY25 against 75% in FY24). Established position of principals in their respective segments mitigates concentration risk to some extent. The company focuses on adding new products of established brands to its product portfolio to diversify revenue base on y-o-y basis, which mitigates concentration risk to an extent. SEPL has recently tied up with US based Lexar for pan India distribution of Lexar's storage products such as pen drives, micro SD cards, internal and portable SSDs and DRAM modules across consumer and enterprise markets. Addition of new principal with aid in diversifying the supplier base. The management expects revenue of ₹80-100 crore in FY26 from the distribution of Lexar's products.

Working capital-intensive operations

The company's working capital requirement is traditionally high because of stocking requirements, as inherent in the distribution business. It needs bank limits to finance inventory holding period, making the business working capital intensive. Although gross current asset days moderated from 131 days in FY24 to 141 days in FY25 considering higher receivable days, operating cycle continued to remain range bound at 38 days in FY25 (PY: 38 days) due to proportionate increase in credit period received from principals. The company's ability to maintain current gross current asset days and current capital structure while scaling up its operations will be a key rating monitorable.

Low profitability margins and high level of competition in the industry

SEPL's profitability margins have continuously remained low, despite improving in the recent past, which is mainly attributed to trading business operations combined with the high competition level in the IT hardware trading industry with low entry barriers. Profitability margins are expected to range bound at the current level in the near-to-medium term.

Foreign exchange risk, although low, is present

Due to dependence on imports, which made up 19-20% total purchases (of IT products), the company is vulnerable to foreign currency risk. This risk is mitigated partially by the company's hedging policy and partially by price protection offered by principals in the form of discounts and incentives.

Liquidity: Adequate

Liquidity position of the company is adequate with comfortable cushion in cash accruals of ₹96.52 crore against debt repayment obligation of ₹16.42 crore in FY25. The company's liquidity is also supported by moderate cash and bank balances of ~₹24 crore as on March 31, 2025. The average utilisation of fund-based and non fund-based limits stood at 86% in 12 months ended April 2025. The company has availed additional non-fund-based limits of ₹90 crore in the current fiscal. The company's liquidity position is expected to remain adequate considering healthy gross cash accruals.

Environment, social, and governance (ESG) risks- Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial services and supplies	Trading and distributors

Promoted by VK Bhandari of Kolkata in 1993, SEPL is a national distributor of computer and associated peripherals of ~30 major global IT brands such as Acer, Dell, Lenovo, Seagate, Samsung, Xerox, Wacom, and LG, among others. SEPL's traded product portfolio is diversified with ~50 products, which include desktops/TFT monitors, servers, laptops, netbooks, PC components, peripherals, memory modules, printers, storage products, networking products, gaming and consumer electronic products. The company also has Cloudtail, Amazon, and Flipkart as its channel partners, and players such as Infinity Retail, Reliance Digital, Vijay Sales in the organised retail store segment.

SEPL has four subsidiaries namely Supertron Singapore Pte. Ltd (SSPL), Prointek Global Innovation Private Limited (PGIPL) Supertron Infotech Trading LLC (SITL) and Leaf Studio Private Limited (LSPL).

SSPL is engaged in sourcing of IT hardware and peripherals from Samsung, Lenovo and Pelco from abroad. Prointek Global Innovation Pvt Ltd (PGIPL) is engaged in manufacturing interactive flat panels (IFP) for schools, colleges and corporates under the brand 'Solitaire'. SITL is engaged in providing cloud and SaaS solutions and LSPL is engaged in manufacturing wearable devices like ear buds, headphones and smart watches, among others. Its products are sold on e-commerce platform and company website under the brand 'Leaf'.

Brief Financials (₹ crore)- Consolidated	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	5187.68	6748.36
PBILDT	143.15	173.18
PAT	84.79	98.76
Overall gearing (times)	1.33	1.26
Interest coverage (times)	3.88	3.31

A: Audited; Note: these are latest available financial results

Brief Financials (₹ crore)- Standalone	March 31, 2024 (A)	March 31, 2025 (Prov.)
Total operating income	6,729.98	6,966.26
PBILDT	171.99	156.77
PAT	97.97	88.02
Overall gearing (times)	1.26	1.07
Interest coverage (times)	3.30	3.30

A: Audited, Prov: Provisional; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	420.00	CARE A; Stable
Non-fund-based - ST-BG/LC	-	-	-	-	576.00	CARE A1
Term Loan-Long Term	-	-	-	February 2026	9.00	CARE A; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	420.00	CARE A; Stable	-	1)CARE A; Positive (04-Oct-24)	1)CARE A; Positive (04-Aug-23)	1)CARE A; Positive (12-Sep-22)
2	Non-fund-based - ST-BG/LC	ST	576.00	CARE A1	-	1)CARE A1 (04-Oct-24)	1)CARE A1 (04-Aug-23)	1)CARE A1 (12-Sep-22)
3	Term Loan-Long Term	LT	9.00	CARE A; Stable	-	1)CARE A; Positive (04-Oct-24)	1)CARE A; Positive (04-Aug-23)	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities- Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-BG/LC	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Supertron Singapore Pte Limited	Full	Subsidiary
2	Prointek Global Innovation Private Limited	Full	Subsidiary
3	Supertron Infotech Trading LLC	Full	Wholly owned subsidiary
4	Leaf Studio Private Limited	Full	Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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