HP Telecom India Limited

October 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	99.50 (Enhanced from 60.00)	CARE BBB-; Stable	Upgraded from CARE BB+; Stable
Long-term / Short-term bank facilities	75.50 (Enhanced from 75.00)	CARE BBB-; Stable / CARE A3	Upgraded from CARE BB+; Stable / CARE A4+

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to bank facilities of HP Telecom India Limited (HPTIL) considers substantial growth in the scale of operations and adequate liquidity, improved though moderate capital structure and debt coverage indicators, efficient management of working capital cycle. Ratings further continue to derive comfort from experienced promoters, association with reputed Brand "Apple" and geographically expanded wide distribution network.

However, ratings continue to remain constrained considering thin profitability inherent to distributorship business. Ratings continue to remain constrained with HPTIL's presence in fragmented and competitive industry and technology obsolescence risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Reporting scale of operations marked by total operating income (TOI) of over ₹2500 crore and total debt to profit before interest lease rentals depreciation and tax (TD/PBILDT) below 3x on a sustained basis.

Negative factors

- Decline in TOI below ₹1200 crore and PBILDT margin below 1%.
- Deterioration in capital structure and debt coverage indicators with overall gearing above 2x and interest coverage below 2x, respectively.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the entity will sustain its overall financial risk profile with improvement in scale of operations and will continue to derive benefit from experience of promoters in trading industry.

Detailed description of key rating drivers:

Key strengths

Substantial growth in the scale of operations

HPTIL's scale of operations marked by TOI grew substantially with a compounded annual growth rate (CAGR) of 44% in last five years ended FY25. HPTIL reported TOI of ₹1596.16 crore in FY25 with a growth rate of 48% driven by increased trading volume, increased expanded distribution territories and growing demand of apple products led by rise in spending power among consumers. In FY25, iPhone's sales volume increased by 53% to 2,06,980 units from 1,35,000 in FY24, which contributed 87% of sales in FY25 (92% in FY24). Going further, TOI is expected to increase further consequently increasing demand of apple products.

Moderate capital structure and debt coverage indicators

HPTIL's capital structure improved though remained moderate marked by overall gearing at 1.76x as on March 31, 2025, against 3.39x as on March 31, 2024. Improvement is considering increase in net worth capital to ₹75.41 crore as on March 31, 2025 (₹29.12 crore as on March 31, 2024) due to capital infusion of ₹34.23 crore against fund raising through IPO in February 2025 and accretion of profit to reserves.

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

Debt coverage indicators remained moderate marked by total debt to gross cash accrual (TD/GCA) of 10.48 years as on March 31, 2025 (11.41 years as on March 31, 2024), and interest coverage ratio remained at 2.49x for FY25 against 2.33x in FY24.

Experienced promoters
HPTIL is promoted and managed by Vijay L Yadav and Seema V Yadav, both of whom bring over a decade of experience in the telecom sector, specifically in wholesale distribution. Together, they oversee HPTIL's overall business operations. Further, the promoters are also engaged in the distribution of Realme and Jio phones through their group company, HV Connecting Infra (India) Private Limited (HTIPL), which is rated CARE BB+; Stable / CARE A4+.

Association with reputed brand "Apple"
HPTIL is a zonal distributor of popular Apple products such as iPhone, iPad, Air Pods, Apple Watch, and mobile accessories. The total sales of Apple products in India grew by 13% to $9 billion in FY25 against $8 billion in FY24. Apple's exports of iPhones from India rose 76% and stood at ₹1.50 lakh crore (free on-board value) in FY25. Apple's market share in India stood at ~7% in FY25 against 6.7% in FY24.

Geographically expanded wide distribution network
HPTIL's sales span across Gujarat, Madhya Pradesh, Chhattisgarh and Uttar Pradesh. Among these states, Gujarat and Madhya Pradesh contribute 74% towards TOI in FY25 (86% in FY24). Sales from Gujarat and Uttar Pradesh increased significantly in FY25. HPTIL has long standing relation with its customers that are regional distributors.

Efficient management of working capital cycle
HPTIL's operations are working capital intensive owing to trading business where funds are being blocked in inventory and receivables. However, HPTIL's average working capital cycle remained lean at 14 days in FY25 (11 days in FY24). The moderation in cycle is considering decrease in creditors. The firm primarily fulfils its working capital requirements through working capital borrowing.

Key weaknesses

Thin profitability margins
HPTIL is a Surat-based distributor engaged in wholesale distribution majorly of "Apple" products. Consequent to trading business, profitability margins remain thin with marginal dip in operating margins to 1.64% in FY25 against 1.70% in FY24, though improved in absolute terms by 43% to ₹26.22 crore in FY25 (PY: ₹18.37 crore), considering increased scale of operations. Consequently, profit after tax (PAT margin remained thin at 0.79% in FY25 against 0.80% in FY24. HPTIL's PAT grew by 46% to ₹12.58 crore in FY25 against ₹8.59 crore in FY24.

Presence in fragmented and competitive industry
The consumer durable electronics industry is characterised by intense competition, with a strong emphasis on price sensitivity and value. Presence of domestic and foreign players contribute to a fragmented market, leading to stiff price competition. To gain a larger market share, electronic companies in India are implementing strategies, including bundled offers, discounts, and aggressive pricing. However, these tactics are negatively impacting profitability margins of manufacturers and traders. Highly competitive environment and price-focused initiatives have made it challenging for businesses to maintain healthy profit margins.

Technology obsolescence risk
Technological obsolescence is an inherent risk in technology related business and applies to the consumer durables electronics distribution business. The company continues to remain exposed to the risk associated with inventory holding and stock liquidation, which could have an adverse impact on its profitability in case the company being unable to liquidate the inventory. However, post launch of iPhone's new series, old series sold by the company on discounted price will be reimbursed by the principal suppliers Redington Limited and Ingram Micro India Private Limited, in line with policy of apple.

Liquidity:
Liquidity improved and remained adequate marked by sufficient GCA against nil debt repayment obligation, moderate utilisation of working capital limits, comfortable operating cycle and free cash and bank balance including liquid investments.

The company reported GCA of ₹12.67 crore in FY25 (₹8.66 crore during FY24) while debt repayment obligation will be nil as there is no outstanding term debt and no planning to avail term debt in near future. The average fund-based working capital limit utilisation remained at ~65% in last 12 months ended May 2025.

Operating cycle continues to remain comfortable at 14 days in FY25 (11 days in FY24) and current ratio remained at 1.22x as on March 31, 2025 (1.02x as on March 31, 2024). Free cash and bank balance including liquid investments remained comfortable at ₹44.95 crore as on March 31, 2025 (₹30.84 crore as on March 31, 2024). However, cash flow operation remained negative at ₹45.89 crore as on March 31, 2025 (negative ₹26.34 crore), owning to lower creditor balance as on balance sheet date.

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

Surat-(Gujarat) based HPTIL, which changed from private limited company to public limited company on February 26, 2024, was initially incorporated in March 2011, by Vijay L Yadav and Seema V Yadav. HPTIL is a Surat-based distributor engaged in wholesale distribution of Apple products. HPTIL has ~500 distributors in Gujarat, Madhya Pradesh, Chhattisgarh and Western Uttar Pradesh. It has head office at Surat, Gujarat and five branch offices at Baroda, Rajkot, Ahmedabad, Madhya Pradesh and Chhattisgarh.

Particular	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	1078.62	1596.16
PBILDT	18.37	26.22
PAT	8.59	12.58
Overall gearing (times)	3.39	1.76
Interest coverage (times)	2.33	2.49

A: Audited; 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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Working Capital Limits		-	-	-	99.50	CARE BBB-; Stable
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	75.50	CARE BBB-; Stable / CARE A3

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	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	75.50	CARE BBB-; Stable / CARE A3	-	1)CARE BB+; Stable / CARE A4+ (02-Dec-24) 2)CARE BB; Stable / CARE A4+; ISSUER NOT COOPERATING* (14-Oct-24)	1)CARE BB; Stable / CARE A4+ (26-Jul-23)	-
2	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (02-Dec-24) 2)CARE BB; Stable; ISSUER NOT COOPERATING* (14-Oct-24)	1)CARE BB; Stable (26-Jul-23)	-
3	Fund-based - LT-Stand by Limits	LT	-	-	-	1)Withdrawn (02-Dec-24) 2)CARE BB; Stable; ISSUER NOT COOPERATING* (14-Oct-24)	1)CARE BB; Stable (26-Jul-23)	-
4	Fund-based - LT-Working Capital Limits	LT	99.50	CARE BBB-; Stable	-	1)CARE BB+; Stable (02-Dec-24)	-	-

*Issuer did not cooperate; based on best available information.
LT: Long term; ST: 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-Working Capital Limits	Simple
2	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

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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About us:

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