



## Press Release

**Spectra & Star Convergence Limited**

**May 09, 2025**

### Ratings

| Sl. No. | Instrument/<br>Facility    | Amount<br>(Rs. Crore) | Current Ratings                                      | Previous Ratings                                     | Rating Action     | <a href="#">Complexity Indicator</a> |
|---------|----------------------------|-----------------------|------------------------------------------------------|------------------------------------------------------|-------------------|--------------------------------------|
| 1.      | Long Term Bank Facilities  | 87.00                 | IVR BBB/Stable<br>(IVR Triple B with Stable Outlook) | IVR BBB/Stable<br>(IVR Triple B with Stable Outlook) | Rating Reaffirmed | <u>Simple</u>                        |
| 2.      | Short Term Bank Facilities | 10.00                 | IVR A3+<br>(IVR A Three Plus)                        | IVR A3+<br>(IVR A Three Plus)                        | Rating Reaffirmed | <u>Simple</u>                        |
|         | <b>Total</b>               | <b>97.00</b>          | <b>Rupees Ninety-Seven Crore Only</b>                |                                                      |                   |                                      |

**Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2.  
Detailed explanation of covenants is at Annexure 3.**

### Detailed Rationale

Infomerics Valuation and Rating Limited (IVR) has reaffirmed the long-term rating at IVR BBB with Stable Outlook and short-term rating at IVR A3+ for the bank loan facilities of Spectra & Star Convergence Limited (SSCL).

The rating reaffirmation of SSCL continues to take comfort from the established track record of promoter and healthy relationship with principals i.e. Samsung & HP(Hewlett-Packard) besides efficient working capital intensity, moderate topline & debt protection metrics. However, these strengths are partially offset by thin profitability due to nature of business, leveraged capital structure and exposure to intense competition.

The Stable outlook indicates a low likelihood of rating change in the medium term. IVR believes that SSCL's business & financials risk profile will be maintained over the medium term on the back of company established track record of operations and continuation of stable scale of operations, though there is some decline in FY25 (provisional).

IVR has principally relied on the standalone audited financial results of SSCL 's up to up to 31 March 2024 (refers to 1 April 2023 to 31 March 2024), FY25 provisional financials (refers to 1 April 2024 to 31 March 2025) & projected financials from FY26 to FY28 (refers to 1 April 2025 to 31 March 2028), and publicly available information/clarifications provided by the company's management.



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### Key Rating Sensitivities:

#### Upward Factors

- Significant growth in the scale of business with improvement of profitability margins thereby leading to overall improvement in cash accruals and liquidity.
- Improvement in the financial risk profile and debt protection metrics.

#### Downward Factors

- Dip in operating income and/or profitability further impacting the debt coverage indicators and/or deterioration in the financial risk profile.
- Any significant rise in working capital intensity or unplanned capex leading to a deterioration in the liquidity position & moderation in the ISCR below 1.3x on a sustained basis.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### **Established track record of promoter and healthy relationship with principals:**

The key promoters of the company, Mr. Amit Sindwani has more than two decades of experience in the industry. The promoter is assisted by a qualified and experienced management team which has helped the company to establish healthy relationships with clients like HP and Samsung. SSCL has a strong association with HP & Samsung which has resulted in steady topline of the company, though declined marginally in FY25 (provisional). SSCL is tier-1 distributor of mobile handsets of Samsung brand in the Delhi and Haryana region along with computers, laptops, desktop and AIOs (All-in-One) of HP in the Delhi, Haryana and Jammu & Kashmir region. The healthy market position is supported by strong and well-established distribution network across Delhi and Haryana.

##### **Efficient working capital intensity**

The operations of the company are efficiently managed as reflected in operating cycle of 55 days, on account of satisfactory inventory & debtor period of 37 days as on March 31, 2025 (provisional). SSCL is currently a Tier 1 distributor of HP and Samsung, therefore any adverse change in product prices is borne by the principal supplier, therefore eliminating the inventory risk to an extent.

##### **Moderate topline & debt protection metrics**

Total operating income of the company is moderate at Rs 730.17 crore in FY25 (prov.) though declined from Rs 771.88 crore in FY24 to Rs 730.17 crore in FY25 (provisional) on account of average demand of products than expected in FY25 (provisional) due to downturn in the IT hardware business (PCs). The company had low debt repayment obligations of Rs 0.10 crore against the gross cash accruals of Rs 4.87 crore in FY25 (provisional), However interest



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service coverage ratio remains low but satisfactory at 1.32x in FY25 (provisional) against 1.31x in FY24.

### **Key Rating Weaknesses**

#### **Thin profitability**

The company is primarily engaged in procuring the electronic goods from HP and Samsung and trading & selling to Tier II & III retailers in Delhi, Haryana and Jammu & Kashmir. Therefore, due to the trading nature of operations the operating margins (earnings before interest, taxes, depreciation amortization) remain low, though improved to 1.94% in FY25 (provisional) against 1.62% in FY24, while profit after tax (PAT) is low but stable at 0.55% in FY25 (provisional) against 0.52% in FY24.

#### **Leveraged capital structure**

The company is moderately leveraged, on account of requirement of higher working capital to take care of the trading operations. The company has high overall gearing & adjusted gearing, though improved to 2.40x (PY:2.74x) and 2.52x (PY:2.89x) in FY25 (prov.) respectively. Total indebtedness of the company reflected by total outstanding liabilities/ adjusted tangible net worth at 3.49x in FY25 (prov.) against 3.76x in FY24.

#### **Exposure to intense competition**

The industry has been facing stiff competition due to fragmented, with many small and organized & unorganised players. Intense competition from the peers could exert pressure on the pricing of the products which could affect the profit margins of the company. In addition to that, electronic products industry is sensitive to the business cycles & economy growth. Revenue growth of the company may be affected in the periods of economy slowdown & contraction and vice versa, which directly exposes the company's cash flows and profitability. However, SSCL's long-established track record of operations mitigates the risk to an extent.

#### **Analytical Approach:** Standalone

#### **Applicable Criteria:**

- Rating Methodology for Trading Companies
- Financial Ratios & Interpretation (Non-Financial Sector).
- Criteria for assigning Rating outlook.
- Policy on Default Recognition.
- Complexity Level of Rated Instruments/Facilities.

#### **Liquidity– Adequate**



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The liquidity position of the company is adequate with steady cash flow from business operations. SSCL has earned a gross cash accrual of Rs 4.87 crore as on March 31, 2025 against its minimal repayment obligation of Rs 0.10 crore. The company's fund-based working capital limits remained moderately utilised at ~69% during the past 12 months ended March 2025 indicating sufficient cushion available in case of adversities. The company had cash & cash equivalent of Rs 4.96 crore at the end of March, 2025. The company has low debt repayment obligations and no major capital expenditure plans in the near term support the overall liquidity position of the company.

### **About the Company**

Incorporated in April 2010, Spectra & Star Convergence Limited, is engaged in buying technology convergence products like personal computer, laptop, notebooks and tablets from HP and Samsung brand and sell, distribute the products to downstream channel partners of a 3 to 4 Tier setup. SSCL is a Tier-1 National Distributor for Computers, Laptops, Desktop and AIOs for Hewlett Packard (HP) and Tier-1 Distributor for Samsung mobile phones in Delhi and Haryana regions, besides Jammu & Kashmir. As a part of forward integration, SSCL has also entered the retail segment by operating 7 Samsung exclusive stores, strengthens the relationship with brand.

### **Financials (Standalone):**

|                           | (Rs. crore) |             |
|---------------------------|-------------|-------------|
| For the year ended*/As on | 31-03-2024  | 31-03-2025  |
|                           | Audited     | Provisional |
| Total Operating Income    | 771.88      | 730.17      |
| EBITDA                    | 12.54       | 14.17       |
| PAT                       | 4.06        | 4.02        |
| Total Debt                | 117.66      | 112.59      |
| Tangible Net worth        | 42.90       | 46.85       |
| EBITDA Margin (%)         | 1.62        | 1.94        |
| PAT Margin (%)            | 0.52        | 0.55        |
| Overall Gearing Ratio (x) | 2.74        | 2.40        |
| Interest Coverage (x)     | 1.31        | 1.32        |

*\*Classification as per Infomerics' standards Note:*

**Status of non-cooperation with previous CRA:** Crisil Ratings Limited continues the rating under ISSUER NOT COOPERATING category dated 17 March, 2025 due to non-submission of required information & cooperation.

**Any other information:** Nil



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### Rating History for last three years:

| S. No | Name of Instrument/ Facilities | Current Rating (Year 2025-26) |                                |                 | Rating History for the past 3 years     |                                                       |                                                       |                                                       |
|-------|--------------------------------|-------------------------------|--------------------------------|-----------------|-----------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
|       |                                | Type                          | Amount Outstanding (Rs. crore) | Rating          | Date(s) & Rating(s) assigned in 2024-25 | Date(s) & Rating(s) assigned in 2023-24 (12 Feb,2024) | Date(s) & Rating(s) assigned in 2022-23 (13 Dec,2022) | Date(s) & Rating(s) assigned in 2021-22 (15 Sep,2021) |
| 1.    | Long Term Fund Based           | Long Term                     | 87.00                          | IVR BBB/ Stable | -                                       | IVR BBB/ Stable                                       | IVR BBB/ Positive                                     | IVR BBB/ Stable                                       |
| 2.    | Short Term Non-Fund Based      | Short Term                    | 10.00                          | IVR A3+         | -                                       | IVR A3+                                               | IVR A3+                                               | IVR A3+                                               |

### Name and Contact Details of the Rating Analyst:

|                                                                                                                                  |                                                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Name: Raman Thakur<br>Tel: (011) 45579024<br>Email: <a href="mailto:raman.thakur@infomerics.com">raman.thakur@infomerics.com</a> | Name: Vipin Jindal<br>Tel: (011) 45579024<br>Email: <a href="mailto:vipin.jindal@infomerics.com">vipin.jindal@infomerics.com</a> |
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### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd ] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.





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### Annexure 1: Details of Facilities

| Name of Facility                                      | ISIN | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|-------------------------------------------------------|------|------------------|------------------|---------------|------------------------------|--------------------------|
| Long Term Fund Based Facilities – Channel Financing   | -    | -                | -                | -             | 40.00                        | IVR BBB/Stable           |
| Long Term Fund Based Facilities – Inventory Financing | -    | -                | -                | -             | 27.00                        | IVR BBB/Stable           |
| Long Term Fund Based Facilities – Cash Credit         | -    | -                | -                | -             | 20.00                        | IVR BBB/Stable           |
| Short Term Fund Based Facilities – Bank Guarantee     | -    | -                | -                | -             | 10.00                        | IVR A3+                  |

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Spectra-Star-9may25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/combined analysis: Not Applicable**



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**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).