



Press Release
SEMINOLE ELECTRONICS PRIVATE LIMITED
August 21, 2025
Rating Assigned and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	65.50	ACUITE BB+ Stable Assigned	-
Bank Loan Ratings	12.50	ACUITE BB+ Stable Upgraded	-
Total Outstanding Quantum (Rs. Cr)	78.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long-term rating from 'ACUITÉ B+' (read as ACUITÉ B Plus) to 'ACUITÉ BB+' (read as ACUITÉ Double B Plus) on the Rs. 12.50 Cr. bank facilities of Seminole Electronics Private Limited (SEPL). The outlook is 'Stable'.

Acuite has assigned the long-term rating of 'ACUITÉ BB+' (read as ACUITÉ Double B Plus) on the Rs. 65.50 Cr. bank facilities of Seminole Electronics Private Limited (SEPL). The outlook is 'Stable'.

The Company has provided information, leading to transition from Issuer Not Co-operating (INC since 2021) to a regular issuer.

Rationale for rating upgradation

The rating takes into cognizance the improved business risk profile of the company, which has been strengthened by the introduction of new products that have successfully generated market demand. Additionally, the company's rising profitability has contributed to its ability to navigate the competitive landscape effectively. The financial risk profile is marked average, primarily due to low net worth and the presence of long-term debt in the form of Non-Convertible Debentures (NCDs). However, these NCDs are scheduled for repayment within one year, which is expected to support the company's financial position by reducing interest expenses and improving liquidity.

About the Company

Established as a proprietorship firm in November, 2015 as Seminole Tech and later reconstituted into a private limited company as 'Seminole Electronics Private Limited' (SEPL) in December, 2017, the Hyderabad based company is engaged in designing, selling of electronic gadgets under its own brand name 'MIVI'. The gadgets include speakers, cables, chargers and headphones. The company is involved in other computer related activities like website maintenance and multimedia presentations for other firms. The company is promoted by Mr. Viswanadh Kandula, Mrs. Midhula Sagar Devabhaktuni.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of SEPL to arrive at the rating.

Key Rating Drivers

Strengths

Extensive experience of promoters and healthy brand penetration

SEPL is promoted and managed by Mr. Viswanadh Kandula and his wife, Mrs. Midhula Sagar Devabhaktuni. Mr. K Viswanadh previously worked for a company that exports electronic products from the US to India, while Mrs.

Midhula worked as a software engineer with reputed companies. After eight-years of extensive experience in US, the promoters returned to India in 2015 and started SEPL and launched the 'MIVI' brand with products of quality and technology differentiation at a value-plus price. Despite existing established brands in the market and MIVI being a new brand entrant, SEPL strived to penetrate through the market to earn its share. About 90 percent of revenues are from E-commerce portal and rest through its own portal placements. Acuité believes that the product differentiation and the experienced management is expected to support the improvement of business risk profile over the medium term.

Improved scale of operations and profitability margins

The company has achieved a revenue of Rs. 286.65 Cr. in FY25(Prov.) as against Rs. 250.28 Cr. in FY24. The increase of 14.53% is attributed to the launch of new products helping them to improve the market reach. The EBITDA margins of the company stood at 5.31% in FY25(Prov.) as compared to 5.35% in FY24. The increase in the EBITDA margins from FY23 was noticed as the company launched higher specification products that helped them to fetch better margins. However, the margins remained constant in the consequent years. The PAT margins of the company stood at 0.84% in FY25(Prov.) as compared to 0.50% in FY24. The increase in PAT was noticed because of the decrease in average cost of borrowing and a minor increase in the interest earned on fixed deposits. The company has a total outstanding order book of Rs. 270 Cr. which will be executed by FY26. Going forward, the company is likely to improve the topline and the margins in medium term on account of increased order book and further decrease in the cost of borrowing leading to decreased interest costs.

Weaknesses

Average Financial Risk Profile

The financial risk profile of the company is average marked by a low net-worth of Rs. 14.98 Cr. as on 31st March 2025(Prov.) against Rs. 12.55 Cr. as on 31st March 2024. The slight improvement has been noticed on account of accretion of profits to reserves. The total debt of the company is Rs. 80.71 Cr. as on 31st March 2025(Prov.) (LT – Rs. 24.82 Cr., USL – Rs. 0.96 Cr. and ST – Rs. 54.93 Cr.) against Rs. 77.25 Cr. (LT – Rs. 25.02 Cr., USL – Rs. 1.25 Cr. and ST – 50.97 Cr.) as on 31st March 2024. The company's long-term debt includes Non-Convertible Debentures (NCDs) of Rs. 24.82 crore, issued in FY22. These funds were raised through a Category II Alternative Investment Fund (AIF), structured as a working capital limit with roll over facility and disbursements made in multiple tranches for specific projects. However, the tranches have structured repayments, and the repayments are made from the sales proceeds. The company has now started to repay the NCDs, and no renewals are to be made for the same. The gearing stands high at 5.39 times in FY25(Prov.) against 6.15 times in FY24. The high gearing is because of the nature of the trading business. Further, the interest coverage ratio of the company stood at 1.27 times in FY25 (Prov.) as against 1.17 times in FY24. The debt service coverage ratio stood at 0.46 times in FY25(Prov.) against 0.57 times in FY24. According to Indian Accounting Standards, the company is required to classify the debentures as long-term borrowings. However, their actual utilization of these NCDs pertains to working capital requirements. The adjusted DSCR stands at 1.20 times in FY25(Prov.) and the adjusted current ratio stands at 1.09 times in FY25(Prov.). The TOL/TNW stood at 7.04 times in FY25(Prov.) against 7.89 times in FY24. Acuité believes that the financial risk profile of the company is likely to remain average over the medium term due to small net worth, high gearing and modest debt protection metrics.

Intensive Working Capital Profile

The working capital operations of the company remained intensive marked by GCA days which stood at 145 days as on 31st March 2025(Prov.) as against 153 days as on 31st March 2024. The inventory days of the company stood at 51 days as on 31st March 2025(Prov.) as against 56 days as on 31st March 2024. The company maintains its inventory levels based on projected stock requirements, which are provided by the vendors, specifically Amazon and Flipkart. The stock is then stored in the fulfilment centres so that they can make faster deliveries and achieve higher customer satisfaction. The debtor days of the company stood at 96 days as on 31st March 2025(Prov.) as against 92 days as on 31st March 2024. On average, the company's debtor cycle typically spans approximately 90 days. However, their longstanding relationships with vendors have enabled them to secure advance payments for projects, as needed, thereby enhancing their cash flow flexibility. On the other hand, the creditor days of the company stood at 40 days as on 31st March 2025(Prov.) as against 37 days as on 31st March 2024. The related manufacturing concern allows a credit period of up to 60 days. Acuité believes that the company is likely to continue having intensive working capital requirements in the medium term on account of no further changes in payment or collection policies.

Rating Sensitivities

Sustainability in revenue growth and profitability margins
Elongation of working capital cycle
Sustenance of capital structure

Liquidity Position Adequate

The liquidity profile of the company is adequate. The company generated a net cash accrual of Rs. 2.51 Cr. as on as on 31st March 2025(Prov.) against the debt repayment obligations of Rs. 19.74 Cr. in the same period. The repayment of these NCD related debt obligations (which are rolling in nature) has been made directly using the sale proceed hence NCA vs. debt repayments are not showing the true picture of the debt repayment scenario. The current ratio of the company improved to 1.18 times as on 31st March 2025(Prov.) as against 1.14 times as on 31st March 2024 because of the increase in the debtors and inventory. The NCA/TD stood at 0.03 times in FY25(Prov.) as against 0.02 times in FY24. Further, the average bank limit utilization during the month stood high at 93.66% for 6 months ending April 2025. Acuité believes that the liquidity of SEPL is likely to remain adequate over the medium term on account of steady cash accruals and absence of any debt funded CAPEX plans.

Outlook : Stable

Other Factors affecting Rating

None

Key Financials :

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	286.65	250.28
PAT	Rs. Cr.	2.4	1.25
PAT Margin	(%)	0.84	0.5
Total Debt/Tangible Net Worth	Times	5.39	6.15
PBDIT/Interest	Times	1.27	1.17

According to Indian Accounting Standards, the company is required to classify the debentures as long-term borrowings. However, their actual utilization of these NCD's pertains to working capital requirements. On classifying these NCDs as short-term borrowing, the adjusted DSCR stands at 1.20 times in FY25(Prov.) as against 1.12 times in FY24 and the adjusted current ratio stands at 1.09 times in FY25(Prov.) as against 1.08 times in FY24.

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of

risk. For more details, please refer Rating Criteria “Complexity Level Of Financial Instruments” on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
01 Apr 2025	Secured Overdraft	Long Term	6.50	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-)
	Proposed Long Term Bank Facility	Long Term	6.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-)
09 Jan 2024	Secured Overdraft	Long Term	6.50	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	6.00	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
26 Oct 2022	Secured Overdraft	Long Term	6.50	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	6.00	ACUITE BB- (Reaffirmed & Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HSBC	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.50	Simple	ACUITE BB+ Stable Upgraded (from ACUITE B+)
HSBC	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.50	Simple	ACUITE BB+ Stable Assigned
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	65.00	Simple	ACUITE BB+ Stable Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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