



**Press Release**  
**ACER INDIA PRIVATE LIMITED**  
**January 30, 2025**  
**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	836.40	ACUITE A-   Stable   Reaffirmed	-
Bank Loan Ratings	70.00	-	ACUITE A1   Assigned
Bank Loan Ratings	175.00	-	ACUITE A1   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	1081.40	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed long term rating of '**ACUITE A-**' (read as **ACUITE A minus**) on the Rs. 836.40 Cr. bank facilities and short term rating of '**ACUITE A1**' (read as **ACUITE A one**) on the Rs. 175 Cr. bank facilities of Acer India Private Limited (AIPL). The Outlook is '**Stable**'.

Acuite has further assigned the short-term rating of '**ACUITE A1**' (read as **ACUITE A one**) on the Rs.70 Cr. bank facilities of Acer India Private Limited.

**Rationale for rating**

The rating takes into cognizance experienced management and strong parentage of the group company Acer Incorporated Taiwan, healthy revenues, healthy financial risk profile, adequate liquidity position; however these strengths are partly offset by intensive working capital, thin operating profitability margins and risks associated with the contingent liabilities.

**About the Company**

Karnataka based, Acer India Private Limited (AIPL), incorporated in 1999, the Company is a wholly owned subsidiary of Acer Incorporated Taiwan. The Company is into trading and manufacturing of computer systems and peripherals. It is a global major in hardware and electronics such as Desktop, Laptops, Notebook, Projectors, Monitor, Server, Tablet, and others. Mr Harish Kumar Kohli, managing director along with non-executive directors of Acer Incorporated Taiwan namely Mr. Hou Chih Yuan and Ms Chen Yu Ling are the present directors of the company.

**Unsupported Rating**

ACUITE BBB/Stable/A2

**Analytical Approach**

Acuite has taken a standalone view of the business and financial risk profile of Acer India Private Limited (AIPL) to arrive at the rating. While arriving at the rating of AIPL, Acuite has taken into account a strong level of support from the Acer group given that Acer Group has a significant stake in AIPL, corporate guarantee provided by Acer Incorporated Taiwan on the bank facilities of AIPL.

## **Key Rating Drivers**

### **Strengths**

#### **Experienced management and strong parentage of Acer Incorporated Taiwan**

The company is backed by Mr. Harish Kumar Kohli, managing director along with non-executive directors of Acer Inc. Taiwan namely Mr. Hou Chih Yuan, and Ms. Chen Yu Ling. AIPL, a wholly owned subsidiary of Acer Inc. Taiwan, global major in personal computer/notebook market with strong brand presence in key geographies derives significant support from its parent in terms of the brand name, marketing globally, availing flexible credit period.

Moreover, the corporate guarantees extended to AIPL by Acer Inc., Taiwan. Acuite believes that the experience management and strong parentage of Acer Inc Taiwan will leverage the business and will continue to benefit the company going forward.

### **Healthy Revenues of the company**

The revenues of the company have increased to Rs. 4996.12 Cr. as on FY2024 as compared to Rs. 4089.84 Cr. due to increase in the quantity sold of the products and higher realisation per unit. Additionally, the company received higher amounts of Government orders and higher sales through E-Commerce majorly during festive seasons and the Acer group has gained market share and have risen from 6th highest to 4th highest PC/ notebook brand worldwide.

### **Healthy financial profile**

The financial risk profile of the company is healthy marked by comfortable net worth, moderate gearing and comfortable debt protection metrics. The tangible net worth stood at Rs.247.34 Cr. as on March 31, 2024 as compared to Rs. 179.24 Cr. as on March 31,2023 due to accretion of reserves. AIPL remains debt free and its credit facilities are in the form of bank guarantees, which are used to provide earnest money deposits and performance guarantees about 7-10% for contract orders. Gearing stood at 0.04 times as on March 31, 2024. The interest coverage ratio stood at 23.40 times as on March 31, 2024 compared to 21.72 times as on March 31, 2023. The debt service coverage ratio stood stable at 17.84 times as on March 31, 2024 as compared to 17.03 times as on March 31, 2023. The TOL/TNW stood at 9.34 times as on March 31, 2024 compared to 8.54 times as on March 31, 2023 largely due to credit extension by Acer Inc. (Taiwan). Acuite believes that the company's financial risk profile will remain healthy in medium term backed by steady cash accruals.

### **Weaknesses**

#### **Thin operating profitability margins**

The operating margins although thin have increased to 0.92 percent in FY 2024 as compared to 0.71 percent as on FY 2023 on account of trading nature of its business and limited pricing flexibility owing to the intense competition in the industry. In addition to it, any obsolete models are sold at a discount in the market which at times lead to lower margins. Acuite believes that the margins of the company is expected to remain at similar low levels over the medium term.

#### **Intensive working capital management**

The operations of the company have an intensive working capital requirement as reflected from Gross Current Assets of 183 days as on March 31, 2024 compared to 147 days as on March 31, 2023. The inventory days stood at 64 days as on March 31, 2024 as compared to 58 days as on March 31, 2023. The debtor days stood at 84 days as on March 31, 2024 compared to 40 days as on March 31, 2023. The creditor days stood at 155 days as on March 31, 2024 compared to 125 days as on March 31,2023. Acuite believes that working capital requirements are expected to remain intensive due to the elongated collection mechanism policy of the company over the medium term.

#### **Risks associated with contingent liabilities**

As of March 2024, AIPL reported contingent liabilities of Rs. 626.62 crore in income tax demands and Rs. 225.23 crore in indirect tax demands related to multiple assessment years between 2011 and 2018 based on transfer pricing. The company had received a favourable order in custom matters and value added tax for some of the disputed demands. The company has also received favourable orders for income tax matters at Income Tax Appellate Tribunal (ITAT). Nonetheless, any adverse rulings in these ongoing legal cases can have an adverse impact on AIPL's financial profile.

### **Rating Sensitivities**

Movement in revenues and operating profitability margins

Working capital cycle

Crystallization of contingent liabilities

### **Liquidity Position**

#### **Adequate**

The liquidity is adequate marked by steady net cash accruals of Rs. 69.29 Cr. as on March 31, 2024 as compared to Rs. 28.92 Cr. as on March 31, 2023. The cash and bank balances stood at Rs. 113.76 Cr. as on March 31,2024 as compared to Rs. 184.18 Cr. as on March 31, 2023. The current ratio stood at 1.07 times as on March 31, 2024 from the last two years. The non fund based utilization is 38.94 percent ended 12 months, September 2024. Acuité believes that going forward the liquidity position of the company will remain adequate in the near to medium term in the absence of any capex plans and large net cash accruals against absence of any debt repayment obligation.

### **Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	4996.12	4089.84
PAT	Rs. Cr.	68.09	27.93
PAT Margin	(%)	1.36	0.68
Total Debt/Tangible Net Worth	Times	0.04	0.00
PBDIT/Interest	Times	23.40	21.72

### 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>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.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. Acuité'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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook	
12 Dec 2024	Bank Guarantee (BLR)	Long Term	85.00	ACUITE A-	Stable (Assigned)
	Bank Guarantee (BLR)	Long Term	50.00	ACUITE A-	Stable (Assigned)
	Bank Guarantee (BLR)	Long Term	25.00	ACUITE A-	Stable (Assigned)
	Bank Guarantee (BLR)	Long Term	176.40	ACUITE A-	Stable (Assigned)
	Bank Guarantee (BLR)	Long Term	25.00	ACUITE A-	Stable (Assigned)
	Bank Guarantee (BLR)	Long Term	30.00	ACUITE A-	Stable (Assigned)
	Bank Guarantee (BLR)	Long Term	20.00	ACUITE A-	Stable (Assigned)
	Bank Guarantee (BLR)	Long Term	95.00	ACUITE A-	Stable (Assigned)
	Bank Guarantee (BLR)	Long Term	180.00	ACUITE A-	Stable (Assigned)
	Bank Guarantee (BLR)	Long Term	150.00	ACUITE A-	Stable (Assigned)
	Bank Guarantee (BLR)	Short Term	30.00	ACUITE A1	(Assigned)
	Bank Guarantee (BLR)	Short Term	50.00	ACUITE A1	(Assigned)
	Bank Guarantee (BLR)	Short Term	20.00	ACUITE A1	(Assigned)
	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A1	(Assigned)
	Bank Guarantee (BLR)	Short Term	70.00	ACUITE A1	(Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A1   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	85.00	Simple	ACUITE A-   Stable   Reaffirmed
Axis Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE A-   Stable   Reaffirmed
Standard Chartered Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A1   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A-   Stable   Reaffirmed
Australia and New Zealand Banking Group Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	70.00	Simple	ACUITE A1   Reaffirmed
CITI Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	176.40	Simple	ACUITE A-   Stable   Reaffirmed
HSBC	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE A1   Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A-   Stable   Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A-   Stable   Reaffirmed
DBS Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A-   Stable   Reaffirmed
Standard Chartered Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	95.00	Simple	ACUITE A-   Stable   Reaffirmed
Australia and New Zealand Banking Group Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	180.00	Simple	ACUITE A-   Stable   Reaffirmed
HSBC	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	150.00	Simple	ACUITE A-   Stable   Reaffirmed
	Not			Not avl.				ACUITE

DBS Bank Ltd	avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	/ Not appl.	Not avl. / Not appl.	30.00	Simple	A1   Reaffirmed
DBS Bank Ltd	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	70.00	Simple	ACUITE A1   Assigned

**\*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr No.	Company Name
1	Acer India Private Limited
2	Acer Incorporated Taiwan



## Contacts

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### About Acuité Ratings & Research

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