December 29, 2025

RG Cellulars Private Limited: [ICRA]BBB- (Stable)/ [ICRA]A3; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term/short term - Fund based Limits^	96.62	[ICRA]BBB- (Stable)/ [ICRA]A3; assigned
Long term/Short Term – Unallocated Limits	1.38	[ICRA]BBB- (Stable)/ [ICRA]A3; assigned
Total	98.00	

**Instrument details are provided in Annexure I; ^ includes cash credit, working capital demand loans, channel finance and overdraft limits*

Rationale

The assigned ratings on the bank facilities of RG Cellulars Private Limited (RGCPL) factor in the steady improvement in its operational and financial performance over the past few years and expectation that the same would continue, going forward. The ratings are supported by its established presence as mobile distributor in the West Bengal market, strong tie-ups with major mobile phone brands, and the promoters' extensive experience in the mobile retail and distribution industry. The company's revenues increased by 16.1% on a YoY basis to Rs. 938.6 crore in FY2025, driven by expansion of its retail outlet base and widening of its distribution network. Additionally, the operating profit margin (OPM) improved by 40 bps to about 2.3% in FY2025, aided by economies of scale and higher dealer margins. The ratings also draw comfort from RGCPL's comfortable debt coverage metrics, as reflected in an interest coverage of 2.6 times and DSCR of 2.4 times, respectively in FY2025.

The ratings are, however, constrained by RGCPL's modest profitability, which continue to be impacted by the trading-oriented nature of operations and intense competition from both online platforms and offline retailers, limiting its pricing flexibility. Besides, the ratings are constrained by the company's high client and geographical concentration risks, with almost its entire revenue derived from West Bengal and more than 75% of its sales contributed by two key brands, Realme and iPhone. The product concentration also remains high, given the company's focus primarily on mobile phones and related accessories, which heightens its vulnerability to any slowdown in demand or changes in brand strategies.

The Stable outlook on the long-term rating reflects ICRA's expectation that RGCPL is likely to register a steady revenue growth while sustaining its margins over the medium term. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, to further increase the retail stores will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing ratings.

Key rating drivers and their description

Credit strengths

Significant experience of promoters with presence in mobile distribution and retailing business – RGCPL's promoters have over two decades of experience in the mobile distribution and retailing business. This has enabled the company to establish long relationships with leading brands in the mobile industry, supporting sustained sales growth. RCPL enjoys a strong presence in Kolkata, which reinforces its established market position in the region. It is one of the largest mobile retailers in Kolkata, backed by a well-recognised brand name within its operating territory.

Established tie-ups with major mobile phone suppliers; leading multi-brand mobile phone retailer in Kolkata – RGCPL is one of the leading multi-brand mobile phone retailers in Kolkata, operating 24 retail stores across the city along with two outlets in Bihar and Jharkhand. The company is also the exclusive distributor for Realme across seven districts of West Bengal in the vicinity of Kolkata, which has significantly enhanced its market reach. Besides, RGCPL is a distributor for iPhone and OnePlus across West Bengal and maintains an extensive dealer network comprising more than 1,500 dealer/ sub-dealers throughout the state.

Comfortable debt coverage metrics – RGCPL's coverage indicators remain comfortable, supported by a conservative reliance on external long-term borrowings. Its interest coverage ratio stood at a comfortable 2.6 times in FY2025, backed by adequate accruals relative to its interest repayment obligations. Its DSCR remained healthy at around 2.4 times, supported by stable cash flow from operations. However, the company's ability to efficiently manage working capital borrowings and limit its reliance on short-term borrowings to maintain comfortable coverage indicators remain key monitorable, going forward.

Credit challenges

High client concentration risk – RGCPL remains exposed to high client concentration risk as a substantial portion of its revenues continues to be derived from a limited number of key brands. In FY2025, the top two brands — Realme and iPhone — together accounted for more than 75% of the company's total sales, indicating a highly concentrated revenue profile. Such dependence on a few principals increases the company's vulnerability to adverse developments such as non-renewal of distributorship agreements, changes in brand strategies, or shifts in allocation policies. Any reduction in order flows or loss of a major brand partnership could materially impact the company's scale of operations and profitability. Nevertheless, RDCPL's exclusive distributorship arrangement for Realme across seven districts of West Bengal, in the vicinity of Kolkata, provides some comfort and partially mitigates concentration risks.

Low profitability due to intense competition and trading nature of business – RGCPL's profitability remains modest, constrained by the intensely competitive nature of the mobile retail and distribution industry, which limits pricing flexibility. RGCPL's business model is also primarily trading oriented, with minimal value addition, which is reflected in its modest profitability indicators. In FY2025, the company reported an OPM of 2.3% and a net profit margin (NPM) of 1.2%, underscoring the low-margin nature of its operations. Limited value addition has also resulted in moderate accretion to reserves and restricted cash accruals over the years.

High geographical and product concentration risks – RGCPL's operations are largely concentrated in Kolkata and nearby districts of West Bengal, which restricts geographical diversification and exposes the business to region-specific economic, competitive, and regulatory developments. Additionally, the company's revenue profile is skewed towards a limited set of mobile products and accessories, resulting in high product concentration. Such concentration heightens vulnerability to any adverse movement in brand performance, changes in consumer preferences, or shifts in OEM distribution policies. The company's ability to expand its presence beyond its existing markets and diversify its product portfolio will remain important for reducing concentration related risks over the medium term.

Liquidity position: Adequate

RGCPL's liquidity is expected to be adequate, supported by likely steady cash flow from operations, and adequate cushion in working capital limits. RGCPL has a buffer in its working capital facilities of about Rs. 14 crore as on November 30, 2025. The company is likely to incur capital expenditure of Rs. 1-2 crore in FY2026, funded through internal accruals and has limited term loan repayment obligations.

Rating sensitivities

Positive factors – ICRA could upgrade RGCPL's ratings if the company demonstrates a healthy growth in its earnings, leading to an improvement in liquidity profile and debt protection metrics on a sustained basis.

Negative factors – ICRA could downgrade the ratings of RGCPL if there is a significant decline in revenues and earnings or if any large debt-funded capex adversely impacts the liquidity position and debt protection metrics on a sustained basis. Specific credit metrics that could result in ratings downgrade include an interest cover of less than 2.2 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Retail
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

RGCPL commenced its operations in 1996. The company is primarily engaged in distribution and retail of mobile phones, with a strong presence in West Bengal. Approximately 95% of its revenue comes from mobile phone sales. The business operates through two main verticals: retail and distribution. In retail, the company runs both exclusive and multi-brand stores. It owns and operates all its retail outlets, totalling 26 stores — 24 located in West Bengal (primarily in Kolkata), one in Ranchi, and one in Patna. In distribution, the company distributes iPhones, Realme, OnePlus, and Pixel devices across West Bengal. The company has over 1,500 dealers/sub dealers across West Bengal.

Key financial indicators (audited)

RGCPL – Standalone	FY2024	FY2025
Operating income	808.4	938.6
PAT	8.2	11.1
OPBDIT/OI	1.9%	2.3%
PAT/OI	1.0%	1.2%
Total outside liabilities/Tangible net worth (times)	2.7	2.8
Total debt/OPBDIT (times)	5.0	3.8
Interest coverage (times)	3.2	2.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current ratings (FY2026)			Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Dec 29, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based-Others	Long-term/ Short-term	96.62	[ICRA]BBB-(Stable)/[ICRA]A3	-	-	-	-	-	-	-	-
Unallocated limits	Long-term/ Short-term	1.38	[ICRA]BBB-(Stable)/[ICRA]A3	-	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term-Fund-based-Others	Simple
Long-term/Short-term- Unallocated limits	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Fund-based-Others**	NA	NA	NA	96.62	[ICRA]BBB- (Stable)/[ICRA]A3
NA	**Unallocated limits**	NA	NA	NA	1.38	[ICRA]BBB- (Stable)/[ICRA]A3

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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