



## Sangeetha Mobiles Private Limited

Instrument	Amount (Rs. Crore)*	Rating Action May 2015
Long term: Fund Based Limits	12.00	[ICRA]BBB (Stable) / Assigned

ICRA has assigned a long-term rating of [ICRA]BBB (pronounced ICRA triple B) to the Rs.12.0 crore fund based facilities of Sangeetha Mobiles Private Limited ("SMPL"/"the Company"). The outlook on the long-term rating is stable.

The assigned rating takes into account the Company's established presence and long standing experience of the promoters in the mobile retailing business, SMPL's status as one of the largest mobile hand set retailers in South India with ~320 stores and long term association with top mobile brands and national distributors. The rating also factors in the healthy growth in SMPL's operating income over the last few years on back of major expansion in the number of stores from 156 as on March 31, 2012 to 320 as on March 31, 2015 and increase in average realisation on handsets. The rating also draws comfort from the company's financial risk profile characterized by moderately strong capital structure, comfortable debt coverage indicators and favourable working capital cycle. The improvement in capital structure and debt coverage indicators has been aided by stable accruals coupled with absence of major debt funded capital expenditure during the period 2012-15. Going forward, the capital structure of the company is expected to remain strong supported by steady accretion to reserves coupled with moderate debt funded capital expenditure plans over medium term.

The rating, however, remains constrained by the Company's relatively thin operating margins inherent to the mobile trading industry coupled with high competitive pressure arising out of limited entry barriers and increasing market share of e-commerce players. The rating also takes into account high revenue dependence of the company on the South Indian market (particularly Karnataka market) exposing it to geographical concentration risk. Further, SMPL's ability to grow revenues and improve its profit margins in the face of heightened competition; manage operating cycle and sustain its debt protection metrics would be key credit monitorables.

### Company Profile

Incorporated in 2008, Sangeetha Mobiles Private Limited ("SMPL"/"the Company") is engaged in multi-brand retail business of mobile handset sales in the state of Karnataka, Tamil Nadu, Andhra Pradesh and Telangana. SMPL deals with all leading mobile handset manufacturers such as Apple, Nokia, Samsung, Sony, LG, HTC, Motorola and Blackberry among others through its retail network of ~320 stores across South India. Mr. Subhash Chandra, the Managing Director along with his family and Group Company, holds 100.0% equity stake in SMPL as on March 31, 2015.

The Company has one subsidiary, Wham Infocom Private Limited engaged in selling mobile phones under the brand name of 'WHAM' and Anu Distributors India Private limited (50% equity stake - SMPL) engaged in mobile distribution business across South India.

### Recent Results

As per provisional results for 2014-15, the company's operating income stands at Rs. 776.3 crore with PBDT<sup>†</sup> of Rs. 16.2 crore. During 2013-14, the Company reported net profit of Rs.13.4 crore on an operating income of Rs. 791.3 crore as against net profit of Rs. 10.1 crore on an operating income of Rs. 498.3 crore in 2012-13.

May 2015

\* 100 lakhs = 1 crore = 10 millions

† PBDT – Profit Before Depreciation and Tax



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