

## Ramakrishna Teletronics Pvt. Ltd.

Instrument	Amount In Rs Crore	Rating Action
Short Term - Fund Based (e-DFS)	6.00	[ICRA]A4 assigned
Long Term/Short Term Unallocated limits	4.00	[ICRA]B/[ICRA]A4 assigned

ICRA has assigned the short-term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs. 6.00 crore<sup>1</sup> fund-based facility of Ramakrishna Teletronics Pvt. Ltd. (RTPL)<sup>†</sup>. ICRA has also assigned the long-term rating of [ICRA]B (pronounced ICRA B) and short-term rating of [ICRA]A4 to the Rs. 4.00 crore unallocated limits of RTPL.

The assigned ratings are constrained by RTPL's weak financial risk profile characterised by gearing of 4.63 times, interest coverage ratio of 1.25 times, and NCA/Total Debt of 2.71% for FY2016 and high working capital intensity of 35% due to high inventory levels. The ratings also factor in low margins in electronic retailing business coupled with stiff and increasing competition from e-commerce players which restricts pricing flexibility, high geographic concentration with nine out of 12 stores located in Hyderabad, and fragmented nature of the industry leading to high competitive intensity (resulting in pressure on the retailers to offer discounts), thereby limiting the profitability. The ratings, however, positively factor in steady growth in operating income from Rs. 112.76 crore in FY2013 to Rs. 248.22 crore in FY2016 owing to opening up of new stores, long experience of the promoters in distribution and retail business of electronic goods, and favourable demand outlook of consumer durables industry in India, driven by a widening middle class.

Going forward, the ability of the company to manage its working capital requirements effectively will be the key credit rating sensitivity from credit perspective.

### Company Profile

Ramakrishna Teletronics Pvt. Ltd. (RTPL) was incorporated in 2008 by Mr. V. Raghavendra and Mr. V Ravi Kumar based in Hyderabad. RTPL is involved in retailing and distribution of consumer durables such as flat panels, refrigerators, washing machine, air conditioners, and electronic appliances, mobiles through a chain of 12 retail stores located across Hyderabad, Vizag and Rajahmundry under the brand name "Yes Mart". The company is acting as a distributor of Sony in Telangana region.

### Recent Results

According to provisional FY2016 results, the company has reported an operating income of Rs. 248.22 crore with a net profit of Rs. 1.30 crore compared to an operating income of Rs. 246.36 crore with a net profit of Rs. 1.28 crore in FY2015.

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<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications



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