

December 29, 2015

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF GANESHAM ELECTROTECH SUPERMARKET PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long-term Bank Facilities	14	CARE BB (Double B)	Reaffirmed
Total Facilities	14 (Rupees Fourteen crore only)		

Rating Rationale

The rating continues to remain constrained on account of financial risk profile of Ganesham Electrotech Supermarket Private Limited (GESPL) marked by thin profitability margins, weak solvency position and working capital intensive nature of operations leading to stressed liquidity position. The rating is further constrained on account of its presence in a highly competitive and fragmented industry.

The rating, however, favorably derives comfort from vast experience of the management, synergies with other group companies and growing demand of consumer electronic and home appliances products on account of rising disposable income.

The ability of the company to improve its profitability margins, efficient management of working capital and improvement in capital structure would be the key rating sensitivity.

Background

GESPL was incorporated in 2003 and belongs to the Chandra group based out of Jaipur. The Chandra group is engaged in the business of retailing of electronics items of well-known brands in Rajasthan. The group concern of GESPL includes Chandra Electronics Appliances Private Limited (CEAPL, rated 'CARE BB/CARE A4') and Gaurav Aircon Computers Private Limited (GACPL).

GESPL sells a broad range of electronic products including laptops, home & kitchen appliances, mobile sets and accessories of major brands such as Sony, Samsung, Videocon, Sansui, National, Panasonic, Zenith, Canon, Compaq, Onida, Philips, Toshiba, Whirlpool, Faber, Akai, Electrolux, Maharaja Whiteline, Jaipan, Inalsa, HCL, TVS, Ericsson, Kenstar, Siemens through its own one retail store in Jaipur as well as through retail stores operating on franchises model in different cities of Rajasthan under the brand name of 'Ganesham'. Currently, GESPL has total 105 retail stores (on franchisees model basis) as on November 30, 2015, increased from 89 stores in November 2014. The franchise retail stores purchases electronics products from the company and sells it to the market.

As per the audited results for FY15 (refers to the period April 1 to March 31), GESPL has reported a total operating income of Rs.99.01 crore as against Rs.63.58 crore during FY14 and PAT of Rs.0.65 crore during FY15 as against Rs.0.43 crore during FY14.

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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