

Vijay Sales (India) Private Limited

February 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	100.00	CARE A+; Stable / CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of ratings assigned to the bank facilities of Vijay Sales (India) Private Limited (VSIPL) continues to derive strength from the experienced promoter group with a proven track record of more than four decades of operations in Indian consumer electronic retail. The rating further derive strength from the continuous improvement in the financial risk profile, aided by robust growth in cash flow from operating activities and the strong liquidity position as against negligible outside liabilities of the company. Majority of the debt comprises loans and advances from the promoters that are non-interest bearing and continues to remain in the business over the last few fiscals. The overall gearing as on March 31, 2024, stood at 1.46x (including promoter loans and lease liability), however, adjusted for the promoter loans, the overall gearing stood at 0.43x.

The rating further considers the model of store ownership, with a total store count of 147 stores, of which 83 being self-owned while 64 being rented along with efficient inventory model and working capital management. During FY24, VSIPL reported a total operating income (TOI) of ₹8,659.35 crore as compared to ₹7,236.02 crore in FY23, recording a year-on-year growth of ~20%. The profitability margins continued to remain stable at ~7-7.50% during the last three fiscals. Going forward, CARE Ratings expects the growth momentum to continue with further expansion of new stores as well as improving sales from the existing stores. In FY22, the company had acquired 28 stores through slump sale from Tirumala Music Centre, and with further addition of new stores, it plans to increase its presence in South India as well.

However, the rating strengths are tempered by the presence of large number of organised and unorganised players dominating the market via online and offline mode. This apart, the sector continues to remain interest rate and economic cycle sensitive. Additionally, the business continues to be working capital-intensive, however, comfort is drawn from the fact that most of the working capital is met via promoter loans and advances, a strong cash balance, and an added cushion of ₹160 crore of working capital bank facilities, which largely remains unutilised.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors:

- Sustained improvement in the scale of operations, and increased geographical diversification and profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of more than 8%.

Negative factors

- Increase in operating cycle to over 50 days due to rise in inventory levels.
- Increase in overall gearing above 1.00x (excluding loans from directors or promoters) on a sustained basis.
- Significant withdrawal of unsecured loans by promoters or directors, leading to increased dependence on outside debt.

Analytical approach: Standalone.

The support provided to Amstrad Consumer India Private Limited (known as OVOT Private Limited) in the form of Corporate Guarantee has been withdrawn by the company.

Outlook: Stable

VSIPL benefits from its strong market position (in Maharashtra, Gujarat, Delhi, and Telangana) and brand recognition. The company is expected to sustain its growing operations, strong financial risk profile, and liquidity profile amid healthy cash flow generation from the operations.

Detailed description of key rating drivers:

Key strengths

Experienced promoter

VSIPL was initially established by Nanu Gupta in 1971, who now brings decades of experience in the electronic goods industry. Under his guidance, VSIPL grew as a successful multi-brand electronic retail chain and is now one of the largest electronic

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

appliance retailers in the country operating multi-brand electronic stores under the brand name, "Vijay Sales". The business, under the guidance of Nanu Gupta, is now being managed by his two sons, Nilesh Gupta and Ashish Gupta. Nanu Gupta oversees the finance department and sales of LCD and LED televisions. Nilesh Gupta oversees sales of digital devices, human resource, and marketing, while Ashish Gupta manages the sales of large appliances.

Geographical coverage in western and northern India

VSIPL currently operates 147 stores across India, consisting of 83 owned stores and 64 rented ones. Most of these stores are in Mumbai, followed by Delhi and Gujarat. Recently, VSIPL expanded its presence in Telangana by acquiring 28 stores from Tirumala Music Centre Pvt Ltd. Maharashtra remains a key market, contributing over 50% of the company's revenue. VSIPL's in-house brand, 'Vise,' offers a variety of televisions, washing machines, and air conditioners, available exclusively at VSIPL stores.

Incremental size of business with stability in margins

Following the post-COVID-19 economic reopening, consumer spending on digital electronics surged driven by increased reliance on digital gadgets, readily available cashless financing options, cashback offers, a growing population, and a rising desire to improve quality of life. VSIPL's revenue increased by 19% in FY24, reaching ₹8,659 crore, up from ₹7,236 crore in FY23, primarily due to higher consumer consumption. Mobile phones, particularly from Apple and Samsung, dominate the company's revenue with a 33% share. LEDs contribute 12.8% and air conditioners 12.3% to the business. The PBILDT margin remained stable at 7.29% in FY24.

Strong financial risk profile

The financial risk profile of the company continues to improve considering significant accretion of profits to net worth as against negligible outside liabilities. Majority of the debt comprises of loans and advances from the promoters that are non-interest bearing and continues to remain in the business over the last few fiscals. The overall gearing as on March 31, 2024, stood at 1.46x (including promoter loans and lease liability), however, adjusted for the promoter loans, the overall gearing stood at 0.43x. The financial risk profile is further aided by strong liquidity position with healthy cash and liquid investments of ₹509.60 crore as on March 31, 2024.

Key weaknesses

Competition from organised as well as unorganised market

The electronic retail sector is highly competitive, with organised market participants, online retailers, and unorganised local shops all looking for market share. Authorised distributors of electronic goods also add to the competition faced by consumer electronic retail stores. This competitive environment gives significant bargaining power to customers, often resulting in minimal profit margins for retailers.

While deriving the majority of its revenue from Maharashtra, VSIPL has also been expanding into other states. This expansion exposes the company to region-specific risks and competition from local players and online vendors such as Flipkart and Amazon, who frequently offer heavy discounts.

Stock obsolescence risk

Electronic products often have a short life-cycle due to rapid technological advancements and change in preferences and trends of the consumers. New and improved models are frequently introduced, leading to the obsolescence of older models. Hence, it becomes necessary for the electronic retail chains to maintain an optimum inventory level and anticipating the demand via observing the change in demand pattern. Hence, there is a constant urge to be alert to avoid backlogs while minimising the inventory risk.

Liquidity: Strong

The liquidity position of the company remains strong, marked by healthy cash and liquid investments of ₹509.60 crore as on March 31, 2024. The company has ₹160 crore of sanctioned fund-based limits and ₹290 crore of non-fund-based limits. The company rarely uses its fund-based limits, and when it does, the utilisation generally does not exceed over ₹10 crore of limits which adds additional cushion to the liquidity. The company has nil debt repayment obligations since majority of the debt comprises loan and advances from promoters. The current ratio stands at 0.96x with an operating cycle of 11 days as on March 31, 2024.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Retail](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Consumer electronics

Established in 1967 by Nanu Gupta, Vijay Sales (VS) is a chain of multi-brand electronic stores. On May 07, 2020, the firm was reconstituted as a private limited company with the name 'Vijay Sales (India) Private Limited (VSIPL)'. VSIPL is currently managed by Nanu Gupta and his two sons, Nilesh Gupta and Ashish Gupta. As on January 2025, the company has 147 operational stores. The company has operations in Maharashtra, Delhi, Gujarat, Haryana, Uttar Pradesh, Telangana, and Andhra Pradesh. The company also has its in-house brand 'Vise', which offers a wide range of televisions, washing machines, and air conditioners, which are exclusively available at VSIPL.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	5,400.55	7,236.02	8,659.35
PBILDT	389.13	523.55	631.12
PAT	157.07	211.21	311.04
Overall gearing (times)	3.92	2.30	1.46
Interest coverage (times)	4.98	4.64	5.48

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST		-	-	-	100.00	CARE A+; Stable / CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based/Non-fund-based-LT/ST	LT/ST	100.00	CARE A+; Stable / CARE A1+	-	1)CARE A+; Stable / CARE A1+ (08-Jan-24)	1)CARE A+; Stable / CARE A1+ (06-Jan-23)	1)CARE A+; Stable / CARE A1+ (06-Jan-22)

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Pulkit Agarwal Director CARE Ratings Limited Phone: +91-22-6754 3505 E-mail: pulkit.agarwal@careedge.in</p> <p>Sonal Bhageria Assistant Director CARE Ratings Limited Phone: +91-22-6754 3631 E-mail: Sonal.Bhageria@careedge.in</p> <p>Sarthak Jindal Analyst CARE Ratings Limited E-mail: Sarthak.jindal@careedge.in</p>
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About us:

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