

## Logica Infoway Limited

September 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long term bank facilities	161.46 (Enhanced from 113.46)	CARE BBB+; Stable	Upgraded from CARE BBB; Positive
Short term bank facilities	32.00 (Enhanced from 12.00)	CARE A2	Upgraded from CARE A3+

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Logica Infoway Limited (LIL, formerly known as Eastern Logica Infoway Limited) considers the company's improved financial performance in FY25 (refers to April 01 to March 31) marked by consistent increase in scale of operations and improved profitability margins. Profitability margins improved primarily considering increase in high margin domestic retail operations with additions of new retail stores, which also led to improved business and geographical diversification. Revision in ratings also factors improvement in company's net worth base post infusion of funds through preferential allotment in FY25. Ratings also continue to draw strength from experience of promoters and the company's long track record in the trading business, well-diversified product portfolio consisting of all major brands, established relationship with reputed principals, wide distribution network with strategically located retail outlets and favourable pricing dynamics resulting in low inventory/obsolesce risk.

However, ratings are constrained by moderate capital structure and weak debt protection metrics although improved in FY25, working capital intensive operations, low profitability margins due to trading nature of operations, and highly competitive market with regional concentration risk. Ratings also take note of largely debt-funded increase in scale of operation and consequent increase in debt requirements leading to negative cash flow from operations in the ensuing years.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improving scale of operations marked by total operating income of over ₹3,000 crore on sustained basis and sustenance of operating margins over current levels.
- Improving total debt to gross cash accruals (TD/GCA) of less than 6x on a sustained basis.

#### Negative factors

- Moderating scale of operations below ₹800 crore and operating margin below 1.50% on a sustained basis.
- Moderating in PBILDT/Interest below 1.5x and total operating liabilities to total net worth (TOL/TNW) over 3.0x on a sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable

Stable outlook is based on CARE Ratings Limited (CARE Edge Ratings) expectation of the company sustaining its growth momentum in scale of operations and improved profitability margins in the medium term, considering experienced promoters with long track record of operations and established relationship with its principals.

### Detailed description of key rating drivers:

#### Key strengths

##### Consistent increase in scale of operations and profitability margins

LIL's total operating income (TOI) witnessed growth at a compound annual growth rate (CAGR) of 25.68% in the last four years to ₹1113.69 crore in FY25, primarily driven by higher sales volumes of mobile phones and laptops, supported by a premiumisation trend, where customers increasingly prefer high-end IT and electronics products due to perceived value addition and strong brand loyalty.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

The company's PBILDT margins improved by 45 basis points in FY25, majorly based on strategic shift away from low-margin export operations toward domestic retail, where margins are better. However, overall margins remain modest and range-bound due to the trading nature of operations and fixed margin structures set by the principal.

Going forward, the company is expected to sustain its growth momentum in scale of operations with further expansion in retail operations and profitability margins in the near-to-medium term.

**Increasing high margin retail operations despite regional concentration risk**

In FY25, the company expanded its retail footprint by adding 30 new stores, including 10 Samsung Experience outlets, increasing the total number of retail locations from 22 as of March 31, 2024, to 52 as of March 31, 2025. These outlets are spread across West Bengal, Delhi, Uttar Pradesh, and Haryana. This strategic expansion marks a deliberate shift from low-margin export operations to domestic retail, where the company aims to achieve better profit margins. The company prioritised expansion in domestic markets—particularly in north and east India—through increased retail store openings and deeper local partnerships. As a result, the retail business increased y-o-y by ~34% in FY25 to ₹180 crore from ₹134 crore in FY24.

The company has a wide distributorship network (with over 1200 retailers) for trading its products and also sells online through tie-ups with e-commerce giants.

Going forward, the company is expected to further diversify its geographical reach by opening more retail outlets and expand its distribution network in the medium term.

**Experienced promoters and long track record of the company**

LIL commenced operations in 1995 and has a long track record of operations spanning over two decades. Over the years, it has established itself as prominent trader in the IT hardware industry. Gaurav Goel, the company's promoter has rich experience of over two decades in trading of IT products and has been instrumental behind the company's growth.

**Well-diversified product portfolio and established relationship with reputed principals**

LIL has a well-diversified product profile with a product base of over 40 reputed brands. The product portfolio includes laptops, mobile phones, monitors, PC hardware components, and computer peripherals such as printers, scanners, pen drives, software, computer accessories and cameras. Large number of products and availability from all major brands (such as HP, Redmi, Dell, Acer, Apple, Sony, Lenovo, Samsung, Vivo, Oppo among others) has assisted the company in increasing its customer base and reduce principal concentration risk through low dependence on a particular product/brand. Key revenue contributors are mobiles and laptops comprising 96% of TOI in FY25 (PY: 96%).

The company also has well-diversified channels for sales of its products led by distribution, which contributes 45% of TOI in FY25 (PY 45%) led by online sales (25%), retail (16%) and exports (13%) which provides significant cushion against slowdown across sales channels.

**Favourable pricing dynamics resulting in low inventory/obsolesce risk**

LIL sources inventory from principals at a particular price and when sold to distributors, they sell it at a margin as specified by such principals. Higher margins are possible at LIL's own retail stores. In case of price drops, LIL also has to drop the price and is compensated by its principle.

**Key weaknesses****Moderate capital structure and weak debt protection metrics despite improvement in FY25**

The company's capital structure stood moderate at 1.35x as of March 31, 2025, although improved from 1.76x as on March 31, 2024, owing to increase in net worth following the issuance of fresh equity shares through preferential allotment, and profit accretion to reserves. TD/GCA ratio also improved but remained weak at 10.83x as of March 31, 2025, from 13.06x as of March 31, 2024. The interest coverage also remained low at 2.07x in FY25 (P.Y 2.08x).

Going forward, capital structure and debt protection metrics are expected to remain at similar levels in the near-to-medium term given the company's plans to add new retail stores for scaling up operations.

**Working capital intensive operations**

The company's working capital requirement is traditionally high because of stocking requirements, as inherent in the distribution business and dealer credits leading to high receivables. It needs bank limits to finance inventory and receivables period, making the business working capital intensive. Gross current assets days moderated and stood at 85 days as on March 31, 2025 (PY:73 days). The company's cash flow from operations has been negative at ₹3.46 crore in FY25 (negative ₹22.68 crore in FY24) owing to increasing working capital requirements to support increasing scale of operations. The company's operating cycle moderated and stood at 49 days in FY25 (PY: 39 days) and consequently utilisation of fund-based bank limits remained moderate at ~80% for 12-months ended June 2025.

Going forward, working capital requirements are expected to increase with increasing scale of operations, which will affect the cash flow from operations. The company's ability to generate positive cash flow from operations and maintain current operating cycle and capital structure, while achieving envisaged scale of operations, would be a key rating monitorable.

#### **Low operating margin due to trading nature of operations**

LIL's profitability margins have continuously remained low, and range bound, which is mainly due to trading nature of business operations combined with high level competition in the IT hardware trading industry with low entry barriers.

#### **Highly competitive market with regional concentration risk**

LIL is exposed to intense competition due to large number of players operating in the business and fragmented nature of the industry. Sales are primarily skewed in northern and eastern region (Kolkata, West Bengal), which remains the two largest revenue contributors with revenue share of 57% and 43% followed by southern and western regions in FY25. However, with export sales contributing 13% of TOI in FY25 against 3% in FY23, regional concentration risk is mitigated to a certain level.

#### **Liquidity: Adequate**

The company has adequate liquidity characterised by sufficient cushion in GCA of ₹10.93 crore against scheduled debt repayment obligations of ₹2.21 crore in FY25; supported by above unity current ratio and cash and cash equivalents of ₹32.41 crore, which included pledged fixed deposits of ₹19 crore and mutual fund investments of ₹12.68 crore as on March 31, 2025. Average fund-based utilisation of working capital limits stood at 80% for 12-months ended June 2025.

The company's liquidity position is expected to remain adequate considering healthy GCA against low repayment obligations.

#### **Environment, social, and governance (ESG) risks: Not applicable**

#### **Applicable criteria**

[Definition of Default](#)

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

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#### **About the company and industry**

##### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Information technology	Information technology	It - hardware	Computers hardware & equipment

LIL (formerly known as Eastern Logica Infoway Limited) was incorporated in July 1995 by J.K. Baid as Oswal Infotech Private Limited. In FY02, Gaurav Goel, a first-generation entrepreneur, took over the company. The company renamed Eastern Logica Infoway Limited in 2002. In 2024, the company name was further changed to its present name.

LIL is a Kolkata-based distributor, dealer and re-seller of laptops, desktops, mobile phones, hardware and computer peripherals. It trades these products online and through its wide distributorship network and retails outlets. The company's day-to-day operations are managed by Gaurav Goel and a team of experienced staff.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	1066.32	1113.69
PBILDT	19.92	25.89
PAT	8.10	10.51
Overall gearing (times)	1.76	1.35
Interest coverage (times)	2.08	2.07

A: Audited; 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 - LT-Cash Credit		-	-	-	160.00	CARE BBB+; Stable
Fund-based - LT-Term Loan		-	-	November, 2026	1.46	CARE BBB+; Stable
Fund-based - ST-Working Capital Limits		-	-	-	32.00	CARE A2

#### 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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	160.00	CARE BBB+; Stable	-	1)CARE BBB; Positive (06-Sep-24)	1)CARE BBB; Positive (07-Mar-24)	1)CARE BBB; Positive (31-Jan-23)
2	Fund-based - LT-Term Loan	LT	1.46	CARE BBB+; Stable	-	1)CARE BBB; Positive (06-Sep-24)	1)CARE BBB; Positive (07-Mar-24)	1)CARE BBB; Positive (31-Jan-23)
3	Fund-based - ST-Working Capital Limits	ST	32.00	CARE A2	-	1)CARE A3+ (06-Sep-24)	-	-

LT: Long term, ST: Short term

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

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Working Capital Limits	Simple

**Annexure 5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

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

**Contact us**

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