Sangeetha Mobiles Private Limited

December 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	165.00	CARE A-; Stable / CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings to bank facilities of Sangeetha Mobiles Private Limited (Sangeetha Mobiles) factor in its established presence in south India, backed by long operational track record and strong brand recall for its stores. Ratings continue to factor in the consistent improvement in scale of operations and the growth expected to be supported by company's plan to further strengthen its position by opening new stores in newer geographies like Maharashtra and Orissa, thereby reducing the geographical-concentration risk too. Moreover, the company operates in the asset light business model and prudently manages its working capital requirement with lower dependency on borrowings. It has limited inventory obsolescence risk which helps it to maintain the margins. Furthermore, with no plans to avail any term debt in the near future with expansions planned to be funded out of internal accruals, the capital structure to continue to remain comfortable after adjusting lease liability. The ratings, however remain constrained on account of low profitability margins as the company operates in the mobile retail industry and faces stiff competition due to its fragmented nature in both offline and online market from the established players in the industry which in turn limits its pricing flexibility. Sangeetha Mobiles faced moderation in profitability margins in FY25, primarily due to a lower contribution from value-added services (VAS) such as insurance and buyback programs, which earlier constituted a sizable margin component. CARE Ratings Limited (CareEdge Ratings) notes that the company is taking corrective measures through improved VAS bundling, cost rationalisation, enhanced staff incentives with lowering discounts, and better SKU (Stock keeping unit) planning—steps expected to support gradual margin improvement over the medium term. Ratings also remain tempered by geographical concentration risk and exposure to product and brand concentration risk.

Care Edge Ratings also notes that Wham Infocom Private Limited (WIPL), which is a wholly owned subsidiary of Sangeetha is in advanced stages of completion of process of merger with Sangeetha Mobiles, having received the final merger order from the competent authority and the bank facilities of WIPL are in process to be transferred to Sangeetha Mobiles, which is expected to be completed in the near term. The same is expected to result in improving structural simplicity and consolidation of store operations across Andhra Pradesh and Telangana.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustainable improvement in scale of operation above ₹4,000 crore with PBILDT over 6% and return on capital employed (ROCE) above 18%.
- Total outside liabilities to tangible net worth (TOL/TNW) below 2.00x, total debt to PBILDT (without Ind AS 116 Impact) less than 1x with ICR over 4x on a sustained basis.

Negative factors

- Decline in scale of operation below ₹2,000 crore with PBILDT below 4% and ROCE below 14%.
- Any debt-funded capex resulting in total debt to PBILDT (without Ind AS 116 Impact) above 2.00x and TOL/TNW above 3.50x.

Analytical approach: Consolidated

While arriving at ratings, CareEdge Ratings has considered consolidated financial and business of Sangeetha Mobiles along with its subsidiaries viz. Wham Infocom Private Limited and Anu Distributors Private Limited due to strong operational, financial and managerial linkages between them. Refer Annexure 6 for list of entities combined. Wham Infocom Private Limited (WIPL), which is a wholly owned subsidiary of Sangeetha Mobiles is in advanced stages of completion of process of merger with Sangeetha, having received the final merger order from the competent authority and the bank facilities of WIPL are in process to be transferred to Sangeetha Mobiles, which is expected to be completed in the near term.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Outlook: Stable

Stable outlook reflects CareEdge Ratings expectation that Sangeetha Mobiles will maintain satisfactory credit and business profile backed by strong market presence and brand name along with expectation of growing demand for mobile phones.

Detailed description of key rating drivers:

Key strengths

Leading mobile retailer in south India with established brand presence

Sangeetha Mobiles was established in 1974 as a multi-brand retail outlet and was converted into a private limited company in 2008. It is one of the leading mobile retailers in south India having significant presence in Andhra Pradesh, Telangana (which are being operated under Wham, a 100% subsidiary of Sangeetha Mobiles), Karnataka, Tamil Nadu, and Goa. The promoters, L Narayana Reddy and L Subhash Chandra (MD), have over four decades and two decades of experience each in the retail industry and are well-supported by CEO, CFO, and Directors looking after various functions. The company deals with all leading mobile handset manufacturers such as Apple, Samsung, Xiaomi, Vivo, Oppo, RealMe, Oneplus, and Nokia among others through its retail network of 778 stores across South India.

The two large-format stores (LFS), including the newly launched Smart Gadget Store, widen the product suite into lifestyle technologies like IoT devices, which enhances customer engagement and supports blended margin improvement.

Consistent improvement in scale of operations

On a consolidated basis, the company's scale of operations has grown at a compounded annual growth rate (CAGR) of 7.19% in the last five years. The company continues to demonstrate steady growth in scale, with TOI increasing from ₹2,369 crore in FY24 to ₹2,536 crore in FY25 (~7% YoY), supported by store expansion, strong brand presence, and promotional offers run by the company. The company reported a TOI of Rs.1,323 in H1FY26 indicating continued momentum. The growth in TOI is expected to remain moderate yet upward in FY26, supported by the addition of new stores during the year and the introduction of strategic incentive schemes for sales executives, which aim to support sales while reducing the level of discounts offered.

Satisfactory capital structure

On a consolidated level, the company operates at comfortable capital structure with majority debt in form of lease liabilities and working capital borrowings. The adjusted TOL/TNW (adjusted for lease liabilities) stood comfortable at 0.84x as on March 31, 2025 when compared to 0.73x as on March 31, 2024, while overall gearing remained moderate at 1.20x at FY25 end (PY:1.48x as at FY24 end (including lease obligations). Working capital borrowings continue to be modest, with average utilisation at 24% for the 12 months ended July 2025. Liquidity remains adequate, supported by a cash balance of ₹35 crore. The management has also reiterated that all future capex—pertaining to new store additions, digital initiatives, and warehouse upgrades—will be entirely funded through internal accruals, thereby maintaining stability in the company's leverage profile. While the company has expansion plans in place, it operates on asset light model with all stores being operated on lease basis. CARE Ratings believes that the capital structure would remain satisfactory over the medium term on back of prudent management of working capital utilisation by the company.

Limited inventory obsolescence risk

Mobiles and mobile accessories are generally prone towards the risk of technology obsolescence and falling prices post introduction of new model or outdating of the existing model of the brand due to which the company is prone to inventory obsolescence risk. However, under the present arrangement with the mobile brands, it will support to liquidate such stock by way of discount, incentives and compensation through promotional activities helping Sangeetha Mobiles to limit the risk of technology obsolescence impacting its margin. The company generally maintains ~45 days of inventory for the smooth flow of the operations at store level. However, the company stocks up higher inventory in the month of June considering anniversary sales of Sangeetha Mobiles and in the festive months to carter the customer demand which would be primarily funded of the working capital limits.

Key weaknesses

Limitation on price flexibility

Sangeetha Mobiles operates in the mobile retail industry and faces stiff competition due to its fragmented nature, in both offline and online markets from the established players in the industry. Moreover, Sangeetha Mobiles has limited bargaining power with brands that fix the gross margins. Sangeetha Mobiles faced moderation in profitability margins in the recent past as two of its major brands had reduced the gross dealer margins. Hence, ability of the company to improve its gross margins with its original equipment manufacturers with better terms remain key monitorable.

Moderation in EBITDA margins due to lower VAS contribution

Despite steady revenue growth, PBILDT margins moderated to 4.44% on a consolidated basis in FY25 (FY24: 4.65%), driven primarily by a decline in the contribution from high-margin VAS such as mobile insurance, extended warranties, theft/liquid damage protection and assured buyback programmes. These VAS offerings had historically been significant margin contributors, and the lower share in the revenue mix exerted pressure on overall profitability. To address this, the company has taken multiple steps to improve EBITDA margins, including rationalising discounts, enhancing staff incentive structures, strengthening VAS bundling efforts, and implementing operational efficiency measures under the new CEO Mr. Sudhir TC. The ability of the company to accrue benefit resulting in improvement in PBILDT margins and TOI on sustained basis to remain a key monitorable.

Exposed to geographical, product, and brand concentration risk
Sangeetha Mobiles is majorly concentrated on the retailing of mobiles which contribute ~85% of the total sales of the company. Moreover, in terms of stores, the company's majority stores are in Karnataka. The company deals with leading mobile handset manufacturers with Top five brands contributing about75% to total sales for FY25. However, with the company expanding its stores in Andhra Pradesh, Telangana, Maharashtra, and Tamil Nadu and with the launch of other products, these risks are mitigated to some extent. Hence, the company's ability to expand geographically and improvement in PBILDT margins amidst competitive business environment remain critical from credit perspective.

Liquidity: Adequate
Sangeetha Mobiles' liquidity position stood adequate marked by healthy demand for smartphones and mobile accessories in the Indian market along with its significant market share in the South Indian states leading to healthy cash accruals against nil term loan repayment obligations for the company. The average maximum fund-based working capital utilisation stood at 24% for the 12 months ended July 2025, majorly to fund its working capital requirements. The company had consolidated cash and equivalents of ₹35.16 crore as on March 31, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: not applicable

Applicable criteria

Consolidation
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 Services	Retailing	Speciality Retail

Sangeetha Mobiles Private limited (Sangeetha Mobiles) was established in the year 1974 as the multi brand retail outlet and in 2008 it was converted into Private limited company. Sangeetha Mobiles is engaged into retailing of mobile phones and related accessories and is one of the leading multi-brand mobile retailer in South India having presence in the state of Karnataka, Tamil Nadu, Goa, Andhra Pradesh and Telangana. It deals with all leading mobile handset manufacturers such as Apple, Samsung, Xiaomi, Sony, Vivo, Oppo, RealMe, Oneplus, Nokia, LG, HTC, Gionee and Lava among others through its retail network of 778 stores (on consol basis) as on March 2025 across South India. The company is promoted by Mr. L Subhash Chandra who is also the Managing director of the company. He is supported by experienced management team consisting of Mr. Sudhir TC (CEO), which is appointed since March 2025, Mr. Sathish Kumar (CFO) and Mr. Anil Prabhas (Director Sales) among others.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	2368.82	2536.38
PBILDT	110.22	112.62
PAT	19.73	24.85
Overall gearing (times)	1.48	1.20
Interest coverage (times)	2.44	2.46

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	165.00	CARE A-; Stable / 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	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	165.00	CARE A-; Stable / CARE A2+	-	1)CARE A-; Stable / CARE A2+ (05-Dec-24)	1)CARE A-; Stable / CARE A2+ (25-Oct-23)	-

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	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Wham Infocom Private Limited	Full	Operational, financial and managerial linkages
2	Anu Distributors Private Limited	Full	Operational, financial and managerial linkages

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 for clarifications.

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About us:

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