Sangeetha Mobiles Private Limited

August 14, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	215.00 (Enhanced from 165.00)	CARE A-; Positive / CARE A2+	Reaffirmed; Outlook revised from Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in outlook from Stable to Positive assigned to bank facilities of Sangeetha Mobiles Private Limited (Sangeetha) reflects CARE Ratings Limited's (CareEdge Ratings') expectation of sustained improvement in revenue and operating profitability. This is expected to be supported by the company's plan to add a sizeable number of stores, relatively low gestation period for new stores to turn profitable, and expansion of its product portfolio into the consumer durables business, which offers better gross margins than mobile handsets.

Ratings continue to draw strength from Sangeetha's established position as one of the leading organised multi-brand mobile retailers in South India. The company benefits from its long operating track record, strong brand recall, experienced management team, and extensive retail network of 787 stores as on March 31, 2026. Ratings also factor in improvement in scale and profitability in FY26 aided by better gross margins. The company's financial risk profile remained comfortable, supported by consistently improving capital structure and efficient working capital management. The company's asset-light operating model, increasing focus on franchise-led expansion, and diversification into consumer durables and electronics under the Sangeetha Gadgets format are expected to support revenue growth and business diversification in the medium term.

These rating strengths are partially offset by intense competition from organised retailers, electronics chains, and e-commerce platforms. This limits pricing flexibility and exposes profitability to changes in original equipment manufacturer (OEM) incentive structures. Ratings are also constrained by geographical concentration in South India, particularly Karnataka, and continued dependence on mobile handset sales despite ongoing diversification initiatives.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained increase in scale of operations while improving return on capital employed (ROCE) above 20% and maintaining overall gearing less than unity.

Negative factors

- Decline in operating income below ₹2,500 crore or deterioration in profit before interest, lease rentals, depreciation and taxation (PBILDT) margin below 4.0% on a sustained basis.
- Significant weakening in capital structure resulting in Overall Gearing above 1.5x or total outside liabilities to tangible net worth (TOL/TNW) above 2.5x.
- Aggressive debt-funded expansion or acquisitions adversely impacting liquidity and debt coverage indicators.

Analytical approach: Standalone

The analytical approach has been revised from consolidated to standalone following the merger of Wham Infocom Private Limited with Sangeetha in October 2025. The company continues to have another subsidiary, Anu Distributors Private Limited, engaged in the trading refurbished and second-hand mobile phones, however, its scale of operations is immaterial.

Outlook: Positive

Revision in Outlook from Stable to Positive reflects CareEdge Ratings' expectation of sustained growth in the company's scale of operations while maintaining healthy profitability and return metrics, supported by its ongoing store expansion strategy and increasing contribution from high-margin consumer durables. Growing adoption of the franchise-led model is expected to

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

moderate capital expenditure requirements, supporting healthy debt protection metrics in the medium term. Outlook may be revised to 'Stable' in case of unanticipated increase in debt or dip in return indicators.

Detailed description of key rating drivers

Key strengths

Established market position supported by strong retail network and experienced management

Sangeetha is one of the leading organised multi-brand mobile and electronics retailers in South India. The company benefits from an operating track record of over five decades and strong brand presence across its key markets.

As on March 31, 2026, the company operated a network of 787 stores, including dark stores, across Karnataka, Telangana, Tamil Nadu, Andhra Pradesh, Goa, and Gujarat. Karnataka remains its largest market, accounting for ~41% of the overall store network. The company continues to expand its presence in neighbouring and western markets. The company has long-standing relationships with leading handset brands such as Apple, Samsung, Vivo, Oppo, and Xiaomi. These relationships, and strong brand recall, extensive market reach, and customer loyalty, support its competitive position. The experienced management team, led by L Subhash Chandra (Managing Director), has supported the company's growth, diversification into consumer durables and electronics, and expansion across its operating regions. The company's established market position, ongoing network expansion, and increasing focus on consumer durables and electronics are expected to support business growth and strengthen revenue diversification in the medium term.

Improvement in scale of operations and profitability

Sangeetha's scale of operations continued to improve in FY26, with operating income increasing to ₹2,740 crore from ₹2,536 crore in FY25, supported by store expansion, higher average selling prices of mobile handsets and increasing contribution from consumer durables and electronics. Profitability also improved materially, with PBILDT increasing to ₹152 crore in FY26 from ₹113 crore in FY25 and PBILDT margin improving to 5.76% in FY26 from 4.44% in FY25. The margin improvement was supported by higher realisations on handset inventory procured prior to OEM-led price revisions and a higher contribution from consumer durables, which generally earn relatively higher gross margins compared to mobile handsets. The company's diversification initiatives are reflected in the significant increase in revenue from consumer durables and electronics, while its strong operating momentum continued into FY27 with revenue of ₹857 crore in Q1FY27. CareEdge Ratings expects company's revenue to grow 30-35% in FY27 supported by store expansion, franchise-led growth and increasing contribution from the consumer durables.

Satisfactory capital structure

Sangeetha's financial risk profile remains comfortable, supported by a tangible net worth of ₹336.19 crore as on March 31, 2026, which has steadily improved from ₹277.18 crore as on March 31, 2025 through healthy profit retention. As on March 31, 2026, the capital structure remains satisfactory, with overall gearing of 0.95x, TOL/TNW of 1.44x, indicating moderate leverage levels. The company follows an asset-light operating model, where most of its stores operate through long-term lease arrangements, limiting capital expenditure requirements and supporting scalability. Its working capital profile also remains efficient, reflected by moderate inventory levels and low average bank limit utilisation. The company's increasing focus on higher-margin consumer durables and electronics, expansion of the Sangeetha Gadgets format and franchise-led store expansion is expected to support growth while maintaining a comfortable financial risk profile in the medium term.

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 through discount, incentives and compensation through promotional activities helping Sangeetha 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 and in the festive months to carter the customer demand which would be primarily funded of working capital limits.

Key weaknesses

Exposure to intense competition and limited pricing flexibility

Sangeetha operates in a highly competitive retail environment, facing competition from organised mobile phone retailers, and large consumer electronics retailers, apart from growing competition from e-commerce platforms. The company's bargaining

power with OEMs remains limited, and retail margins are largely influenced by manufacturers' pricing policies, dealer incentives and product mix. Consequently, profitability remains susceptible to changes in competitive intensity, promotional schemes offered by competing retailers and shifts in consumer purchasing preferences. The company's strong brand recall, extensive store network and customer-focused value-added services help it maintain its competitive position in the market.

Exposure to geographical and product concentration risks

Sangeetha's operations continue to be concentrated in South India, with Karnataka accounting for 325 stores of the total 787 stores and contributing the largest share of revenue. While the company has expanded into states such as Telangana, Tamil Nadu, Andhra Pradesh, Goa and Gujarat, its business performance remains largely linked to the economic and competitive conditions prevailing in its key southern markets. Mobile handsets continue to contribute the company's majority revenue, exposing it to changes in consumer demand, product cycles and brand preferences. However, the company has been actively diversifying its revenue profile through consumer durables, electronics and value-added services, with non-mobile revenue increasing significantly in FY26, partially mitigating product concentration risk.

Liquidity: Adequate

Sangeetha's liquidity position remains adequate, supported by healthy operating cashflows which sufficiently covers the incremental working capital and capex requirements translating into nil reliance on long term funding from banks. The company had cash and liquid investments of ~₹24.75 crore as on March 31, 2026, while maintaining a healthy current ratio of 1.66x. Its working capital requirements remain efficiently managed, reflected by inventory holding of ~43 days, low average fund-based working capital utilisation of ~27% in the last 12 months and continued support from financing partners through customer financing programs and trade advances. Absence of material term debt obligations, apart from lease liabilities arising from its asset-light operating model, provides additional financial flexibility and supports its overall liquidity profile.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Retail
Service Sector Companies
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer services	Retailing	Speciality retail

Sangeetha was established as a multi-brand retail outlet in 1974 and was subsequently incorporated as a private limited company in 2008. The company is promoted by L Subhash Chandra and is supported by an experienced management team.

The company is engaged in retailing mobile phones, accessories, consumer electronics with latest addition of consumer durables in its portfolio from November 2025. Subsequent to entry to consumer durables, the company re-branded its stores from 'Sangeetha Mobiles' to 'Sangeetha Gadgets'.

As on March 31, 2026, Sangeetha operated a network of 787 stores across Karnataka, Telangana, Tamil Nadu, Andhra Pradesh, Goa and Gujarat.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (UA)	Q1FY27(UA)
Total operating income	2,536.38	2,740.96	857.2
PBILDT	112.64	157.87	63.89
Profit after tax (PAT)	24.64	53.58	28.05
Overall gearing (x)	1.20	0.95	0.92
Interest coverage (x)	2.46	3.65	4.82

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

PBILDT: Profit before Interest Lease depreciation and Tax

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) and the names of respective FSR has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-	-	-	-	215.00	CARE A-; Positive / 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 2026-2027	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
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	215.00	CARE A-; Positive / CARE A2+	-	1)CARE A-; Stable / CARE A2+ (08-Dec-25)	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

Annexure-4: Lender details

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

Annexure-5: List of entities consolidated: Not applicable

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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