

FEBRUARY 17, 2016

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF EASTERN LOGICA INFOWAY LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long- term Bank Facilities	25.0 (enhanced from 20.0)	CARE BBB- (Triple B Minus)	Reaffirmed
Total Facilities	25.0 (Rupees Twenty Five Crore only)		

Rating Rationale

The rating continues to draw strength from the long experience of the promoters of Eastern Logica Infoway Ltd (ELIL) in trading of IT products, diversified product portfolio consisting of all major brands, established market position and distribution network, moderate financial risk profile with improving sales and efficient working capital management. The ratings also factor in the improvement in capital structure as on March 31, 2015.

The rating, however, continues to be constrained by the low profitability margins, regional concentration of sales and fragmented nature of industry with intense competition. Ability of the company to increase scale of operations with improvement in profitability margins while maintaining the capital structure are the key rating sensitivities.

Background

ELIL was incorporated as Eastern Infoway Ltd in 1995, promoted by Mr. Gaurav Goel of Kolkata. The name of the company was changed to ELIL in 2002. ELIL is a distributor, dealer and re-seller of laptops, desktops, mobile phones, hardware and computer peripherals. It trades these products online and through its distributorship network and seven retail outlets, all in Kolkata. ELIL has tie-ups with major national distributors. Retail sales through its outlets comprised 23% of total sales in FY15 (refers to the period April 1 to March 31).

During FY15, ELIL reported PAT of Rs.1.05 crore (PAT of Rs.0.77 crore in FY14) on a total operating income of Rs.319.64 crore (Rs.206.59 crore in FY14). As per the unaudited results for 9MFY16, ELIL has earned PBT of Rs.2.20 crore on a total operating income of Rs.214.30 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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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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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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CIN - L67190MH1993PLC071691