

January 06, 2015

CARE ASSIGNS 'CARE BBB-' RATING TO THE BANK FACILITIES OF EASTERN LOGICA INFOWAY LIMITED.

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long -term Bank Facilities	20.0	CARE BBB-(Triple B Minus)	Assigned
Total Bank Facilities	20.0		

Rating Rationale

The rating draws 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 turnover and stable margins and efficient working capital management. The ratings are, however, constrained by the regional concentration of sales and fragmented nature of industry with intense competition. Ability of the company to improve scale of operations and 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 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 25% of total sales in FY14 (refers to the period April 1 to March 31).

ELIL achieved PAT (after defd tax) of Rs.0.77 crore in FY14 on total operating income of Rs.206.59 crore. In H1FY15, the company earned PBT of Rs.1.25 crore on operating income of Rs.175.63 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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