

Geonet IT Mall: Assigned

Name of the Instrument	Amount (Rs. Crore)	Rating/Outlook
Cash Credit	5.50	SMERA BB-/Stable (Assigned)

SMERA has assigned rating of '**SMERA BB-' (read as SMERA double B minus)** on the Rs.5.50 crore bank facility of Geonet IT Mall (GIM). The outlook is '**Stable**'.

The rating draws comfort from the extensive industry experience of the promoter and long standing relations with Hewlett-Packard (HP), India. However, the rating is constrained by the modest scale of business and working capital intensive operations. The rating also factors in the highly competitive and fragmented nature of the computers and peripherals industry.

The Mumbai-based GIM is engaged in the trading of computers and peripherals. The firm benefits from its promoter's extensive industry experience. Mrs. Suneetapriya Singh (Proprietor) and Mr. Bimal Kumar Singh (CEO) possess more than a decades experience in the industry. The firm has around 16 HP World Stores (Exclusive stores) in various cities of Maharashtra. For FY2014-15, GIM earned operating income of Rs.66.78 crore as against Rs.45.39 a year earlier.

However, the operations are working capital intensive marked by gross current asset days of 73 days in FY2014-15 mainly on account of inventory holding period of 43 days and debtor receivables of 29 days. Further, GIM operates in a highly competitive and fragmented computers and peripherals industry.

Rating Sensitivity Factors

- Substantial and sustainable growth in revenues or operating margins
- Price trends of key products traded
- Future capital expenditure plans and its funding mix thereof

Outlook-Stable

SMERA believes GIM will maintain a stable business risk profile over the medium term owing to the promoter's extensive industry experience. The outlook may be revised to 'Positive' in case of substantial and sustainable growth in revenues and operating margins, resulting in improvement in the business risk profile especially market position. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the working capital cycle resulting in weakening of the financial risk profile especially liquidity.

Criteria applied to arrive at the rating:

- Trading

About the Firm

Established in 2006, GIM, a proprietorship firm was promoted by Mrs. Suneetapriya Singh. The firm runs several HP World stores (Brand Exclusive) in 16 cities of Maharashtra including Mumbai, Navi Mumbai, Thane, Pune among others. The day-to-day operations are managed by Mrs. Suneetapriya Singh and Mr. Bimal Kumar Singh (CEO).

For FY2014-15, GIM reported profit after tax (PAT) of Rs.0.27 crore on operating income of Rs.66.78 crore as compared to PAT of Rs.0.23 crore on operating income of Rs.45.39 crore for FY2013-14.

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ABOUT SMERA

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