

Press Release

INFRA MOBILE

December 15, 2017

Rating Assigned



Total Bank Facilities Rated*	Rs. 6.00 Cr.
Long Term Rating	SMERA B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (**read as SMERA B**) on the Rs. 6.00 crore bank facilities of INFRA MOBILE. The outlook is '**Stable**'.

Infra Mobile, a Gujarat-based partnership firm was established in 2003 by Mr Pansuriya, Mr Buha and their respective families. The firm is engaged in the wholesaling and retailing of mobile phones (Samsung, Oppo, Gionee, Apple, Sony), accessories through its four outlets - at Surat. The firm also offers repairs and servicing. About 60 percent of the firm's revenue is generated through sale of Samsung phones, 20 percent from sale of mobile accessories and the rest from sale of other mobile brands.

Key Rating Drivers

Strengths

- **Experienced management**

Infra Mobile was established in 2003 by Mr Pansuriya, Mr Buha and their respective families. The management possesses more than a decade of experience in the said line of business.

- **Diversified product portfolio**

The firm retails several phone brands (Samsung, Oppo, Gionee, Apple, to name a few) and also offers repairs and servicing.

Weaknesses

- **Moderate scale of operations**

The scale of operations is moderate with operating income of Rs.41.62 crore (Provisional) for FY2017 as against Rs.47.62 crore for FY2016 due to demonetisation.

- **Below average financial risk profile**

The financial risk profile of the firm is marked by low networth, modest leverage and debt protection metrics. The networth levels stood at Rs.2.98 crore (Provisional) as on 31 March, 2017 as against Rs.2.47 crore in the previous year. The gearing stood at 1.18 times (Provisional) as on 31 March, 2017 as against 1.45 times in the previous year. The Interest Coverage Ratio (ICR) stood at 1.51 times (Provisional) for 31 March, 2017 as against 1.59 times in the previous year. The NCA/TD stood at 0.04 times for 31 March, 2017.

- **Thin profitability**

The firm has thin EBIDTA margin of 1.12 percent (Provisional) for FY2017 as against 0.87 percent for FY2016. The marginal improvement is due to decline in selling expenses. Also, the firm reported PAT margin of 0.36 percent (Provisional) for FY2017 as against 0.31 percent for FY2016. The thin margins are due to the trading nature of operations.

- **Intensely competitive consumer electronics business**

IM is exposed to intense competition from several big mobile phone brands in the consumer electronics industry.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the firm for arriving at the rating.

Outlook: Stable

SMERA believes that IM will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the firm registers substantial growth in revenue while improving profit margins that lead to improvement in financial risk profile. Conversely, the outlook may be revised to 'Negative' if the firm registers lower than expected growth in revenue or deterioration in the financial risk profile and liquidity profile of the firm.

About the Rated Entity - Key Financials

For FY2016-17, IM reported Profit after Tax (PAT) of Rs.0.15 crore (Provisional) on operating income of Rs.41.62 crore as against PAT of Rs.0.15 crore on operating income of Rs.47.62 in the previous year. The net worth stood at Rs.2.98 crore (Provisional) as on 31 March, 2017 as against Rs.2.47 crore in the previous year.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA B / Stable
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA B / Stable

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ABOUT SMERA

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