G.M. Punjabi & Co Ltd
10 September 2026

Rating

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Bank Facilities – Working Capital	**340**	**CARE MAU A2**	Reaffirmed

Rating Rationale

The reaffirmation of the rating assigned to the short-term bank facilities of G.M. Punjabi & Co. Ltd. reflects the company's established position in Mauritius' consumer electronics, home appliances, tools and equipment distribution markets, supported by its long operating track record, experienced promoters, and extensive distribution network. The rating also factors in the company's portfolio of established international brands, particularly Hisense, for which it holds exclusive distribution rights in Mauritius. These two brands together accounted for approximately 79% of FY25 Total Operating Income (TOI) and support the company's market position and revenue generation capabilities.

The rating is further supported by the recovery in operating profitability in FY26 and strengthening of the company's financial risk profile. Although revenue declined by 13% in FY26 amid intense pricing competition, EBITDA margin increased to 11.78% from 7.65% in FY25 following the absence of exceptional costs incurred in the previous year. The company's leverage profile also strengthened, with gearing improving due to debt reduction and internal accrual generation. The company continued to generate positive cash accruals and maintained adequate liquidity.

However, these strengths are partially offset by the company's elevated working capital intensity and reliance on short-term bank funding. In FY26, working capital requirements increased due to higher inventory levels and slower receivables collection, resulting in a material elongation of the operating cycle. Consequently, a significant portion of the company's funds are tied up in inventory and receivables, necessitating continued reliance on working capital facilities. While utilisation levels were within sanctioned limits, the company required temporary enhancements to its banking facilities during the year, highlighting its dependence on external funding to support inventory procurement and business expansion.

The rating is also constrained by customer and brand concentration risks. Hisense and INGCO generate a major portion of TOI, while the top 5 to 6 customers accounted for over 50% of TOI. In addition, the largest customer represented a sizeable proportion of both revenue and receivables. Although the company benefits from longstanding relationship with key customers and credit protection mechanisms for certain receivables, any significant reduction in purchases, deterioration in customer credit quality, or delays in collections could adversely affect cash flows and liquidity.

Other rating constraints include intense competition within the consumer electronics and distribution market, exposure to foreign exchange fluctuations arising from imports denominated in foreign currencies, sensitivity to changes in interest rates and dependence on overseas suppliers. Despite the recovery in operating performance, debt-servicing indicators remained moderate in FY26, reflecting the company's continued exposure to funding costs.

[1]Complete definitions of the ratings assigned are available at www.careratingsafrica.com.

Rating Sensitivities:

Positive factors that could, individually or collectively, lead to positive rating action/upgrade:

- Improvement in working capital management with collection period and inventory days improving in a sustainable manner, resulting in the operating cycle reducing to below 180 days consistently.
- Sustained growth in revenue and profitability, supported by stable demand and successful expansion of the company's product and brand portfolio.
- Sustained reduction in total debt/EBITDA to below 2x.

Negative factors that could, individually or collectively, lead to negative rating action/downgrade:

- Additional debt leading to increase in gearing over 2 times, affecting the ability to service obligations.
- Sustained decline in revenue and profitability, with EBITDA margin declining below 8%, resulting in weaker cash flow generation.
- Non-renewal of agreements with supplier for the key brands or loss of major clients.
- Further deterioration in working capital management, particularly a sustained increase in receivable and inventory days, resulting in increased reliance on external funding.

Analytical approach: Standalone

The rating assessment is based on G.M. Punjabi & Co. Ltd's standalone business and financial risk profile. The company has been assessed independently, considering its market position, operating performance, capital structure, liquidity, working capital requirements, and the ability to meet its financial obligations.

Outlook: Not applicable, as the rating relates exclusively to short-term bank facilities.

Applicable criteria

Rating Methodology: Wholesale Trading
Financial ratios – Non-Financial Sector
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
Liquidity Analysis of Non-Financial Sector Entities
CARE's Policy on Default Recognition

BACKGROUND

Incorporated in June 1989, G.M. Punjabi & Co Ltd is a private limited (family-run) company founded by late Mr. Gopaldas Punjabi in 1974. Mr. Gopaldas Punjabi's son, Mr. Padam Punjabi, owns 100% stake in G.M. Punjabi.

The core activity of the company consists of importation and distribution of electronic goods, tools and safety equipment, beauty and personal care, and home and appliances. G.M. Punjabi was ranked 7th in the commerce sector of Mauritius as per the Top 100 Companies edition 2025. It derives its income from the wholesale and distribution of a variety of electronics, hardware, home appliances, and personal care products. The main brands include Hisense, INGCO, Mikachi, and Rockford to name a few. G.M. Punjabi has the exclusive rights on the import and distribution of Hisense brand in Mauritius, which is a leading electronic brand in China. G.M. Punjabi has relocated its office to Jinfei where it also has a warehouse along with a second leased warehouse in Jinfei. The main showroom is still at the old office premises in St Paul. Its wholesale distribution network serves around 9,400 customers across Mauritius.

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Annexure I

Rating Symbols
Short term Instruments

Symbols	Rating Definition
CARE MAU A1	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU A2	Instruments with this rating are considered to have strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU A3	Instruments with this rating are considered to have moderate degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry higher credit risk as compared to instruments rated in the two higher categories.
CARE MAU A4	Instruments with this rating are considered to have minimal degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry very high credit risk and are susceptible to default.
CARE MAU D	Instruments with this rating are in default or expected to be in default on maturity.

Modifier {"+" (plus)} can be used with the rating symbols for the categories CARE MAU A1 to CARE MAU A4. The modifier reflects the comparative standing within the category.

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About CARE Ratings (Africa) Private Limited:

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CRAF's shareholders are CARE Ratings Limited, African Development Bank, MCB Equity Fund and SBM (NFC) Holdings Limited.

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CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.