



Press Release

Columbus Premier Shoes Private Limited (CPSPL)

July 22, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	20.82	IVR BB-/Stable (IVR Double B Minus with Stable Outlook)	-	Assigned	Simple
Total	20.82 (Rupees Twenty Crore and Eighty-Two Lakh Only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned the long-term rating of IVR BB- with a stable outlook for the bank loan facilities of Columbus Premier Shoes Private Limited (CPSPL)

The assigned rating takes into consideration the established track record of operations, experienced management and wide network of dealers and retailers. However, these rating strengths are partially offset by fragmented industry with intense competition from large number of players, moderate profitability and susceptibility of operating margin to volatility in raw material prices and finished goods.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR has principally relied on the audited financial results of the company up to March 31, 2023, and provisional financials for FY2024 (refers to period April 1st, 2023, to March 31, 2024) further projected financials for the FY2025 - FY2027 (refers to period April 1st, 2024, to Mar 31, 2027), and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Sustained growth in scale of business and improvement in profit margins leading to improvement in cash accruals and liquidity position.



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- Sustained improvement in debt protection metrics, specific trigger for a rating upgrade includes TOL/TNW less than 2.5 times on sustained basis.

Downward Factors

- Significant decline in operating income and/or
- Deterioration in profitability thereby impacting the debt coverage indicators and/or any deterioration in the financial risk profile. Specific credit metrics like TOL/TNW greater than 3 times on sustained basis.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Established track record of operations and experienced management:**

The company started operations in 1992 and has maintained a successful track record spanning approximately 30+ years in its current business line. CPSPL's business is expected to continue to benefit from the promoters' vast experience in the footwear business. CPSPL draws synergies from the group companies Columbus International Shoes Pvt Ltd. and Columbus Marketing Pvt Ltd. involved in the same line of business and led by the same management.

- **Wide Network of Dealers and retailers:**

Columbus Group has a wide network of 300+ dealers and 150000+ Retailers in the domestic market. The Columbus group also exports to countries which include Dubai, Nairobi, Kenya, Uganda, Tanzania etc.

Key Rating Weaknesses

- **Fragmented industry with intense competition from large number of players:**

The company is exposed to intense competition prevalent in the highly fragmented footwear industry, with the presence of large number of established as well as unorganized players, the company faces stiff competition from established brands like Puma, Adidas, Nike etc. Besides, the company also faces intense competition from the online retail segment. The industry lacks capital intensive manufacturing process owing to low barrier



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to entry and cheap availability of labor. Footwear Industry faces constant threat of changes of customer preferences, duplication of designs and inventory obsolescence risk.

- **Moderate profitability:**

The company reported EBITDA of Rs. 0.16 crore during FY24 (Prov) substantially decreased from Rs. 7.94 crore in FY23 (in FY24, the company has incurred the fire loss of Rs. 6.25 crore, which is extraordinary in nature). However, The PAT of the company stood at Rs. 1.08 crore in FY24 (Prov) increased from Rs.0.82 crore in FY23. The EBITDA margin declined by 960 bps and stood at 0.16% during FY24 (Prov) compared to 9.76% during FY23 on account of an increase in prices of raw material, mainly rubber and plastic lead to decline in overall profitability. Subsequently, the PAT margin of the company stood at ~1.00% in both FY24 and FY23.

- **Susceptibility of operating margin to volatility in raw material prices and finished goods:**

Since the raw material is the major cost driver and with raw material prices being volatile in nature, the profit margins of the company remain susceptible to fluctuation in raw material prices (though the prices of finished goods move in tandem with raw material prices, there is a time lag). Further, rubber prices are also highly volatile and prone to fluctuations based on the global demand supply situation and other macro-economic factors.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Stretched

The company has a stretched liquidity profile marked by low cushion in gross cash accruals vis-a-vis its debt obligations. The company's bank limits are utilized to an extent of 95.31% for the last 12 months ended May 2024. The current ratio and quick ratio of the company stood at 1.32x and 0.87x respectively as on March 31, 2024 (Prov) compared to 1.27x and 0.73x



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respectively as on March 31, 2023. The unencumbered cash and bank balance as on March 31, 2024 (Prov), stood at Rs 0.65 crore. Gross cash accrual for FY 2025 is estimated at Rs. 6.35 as against repayment of Rs. 1.65 crore.

About the Company

Columbus Premier Shoes Private Limited (CPSPL) Founded in 1995 by the Late Shri Brij Manocha, Columbus Group ventured into the footwear manufacturing industry. Over the past three decades, the company has been a strong supplier of lifestyle and sports footwear for men, women, and children, encompassing shoes, slippers, sandals, and running shoes. The group consist of three companies, Columbus International Shoes Pvt Ltd. and Columbus Premier Shoes Pvt Ltd. specialize in footwear manufacturing, while Columbus Marketing Pvt Ltd. focuses on footwear trading.

Financials Standalone:

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	81.31	101.36
EBITDA	7.94	0.16
PAT	0.82	1.08
Total Debt	37.45	35.60
Tangible Net Worth	28.53	29.60
EBITDA Margin (%)	9.76	0.16
PAT Margin (%)	1.00	0.99
Overall Gearing Ratio (x)	1.31	1.20
Interest Coverage (x)	1.86	0.05

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Fund Based Limits	Long Term	20.82	IVR BB-/ Stable (IVR Double B Minus with stable outlook)	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Instrument/Facilities Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	July 2031	0.32	IVR BB-/ Stable (IVR Double B Minus with stable outlook)
Cash Credit	-	-	-	-	7.00	IVR BB-/ Stable (IVR Double B Minus with stable outlook)
Cash Credit	-	-	-	-	13.50	IVR BB-/ Stable (IVR Double B Minus with stable outlook)

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Columbus-PremierShoes-july24.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable.

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.