Press Release

Anutex Shopping Mall LLP (ASML)
March 25, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	53.46	IVR BB+/Stable (IVR Double B Plus with stable outlook))	-	Assigned	Simple
Short Term Facilities	2.50	IVR A4+ (IVR A Four Plus)	-	Assigned	Simple
Total	**55.96 (Rupees Fifty-Five core and Ninety-Six 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

The ratings assigned to the bank facilities of Anutex Shopping Mall LLP (ASML) reflects the improving in scale of operations, albeit range bound profitability in the last two years ended FY24 (refers to the period from April 01, 2023 to March 31, 2024) and maintenance of the same in 10MFY25 (refers to the period from April 01, 2024 to January 31, 2025), experience of promoters and management and established loyal customer base and presence at multiple locations along with income from franchises**.**

The ratings are however constrained on account of moderate capital structure and debt protection metrics, stretched operating cycle days and intensely competitive industry.

The 'Stable' outlook reflects increase in the scale of operations with range bound profitability.

Key Rating Sensitivities:

Upward Factors

- A sustained & substantial improvement in the revenue and profitability while maintaining the debt protection metrics.

Downward Factors

- Any decline in revenue and/or profitability leading to deterioration in debt protection metrics.
- Elongation in working capital cycle leading to deterioration in liquidity profile and/or capital structure.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of promoters and management

ASML benefits from the extensive experience of its promoters and management team, who collectively bring over five decades of expertise in the retail garments and textiles industry. Established in 1970, ASML is a family-run business led by Mr. P. Ramakrishna Rao, Mr. Srinivas Rao, Mr. Nageswara Rao, and Mr. Rajasekhar Rao.

Increase in the scale of operations and maintenance of the same in 10MFY25; albeit range bound profitability

The firm’s total operating income increased to Rs.103.95 crore in FY24 (Audited) (from Rs.95.55 crore in FY23 (Audited) (refers to the period from April 1, 2022, to March 31, 2023), reflecting a growth of approximately 9%, driven by higher realization value, especially in case of jewellery business. However, the PAT margin remained stable within the range of 1-1.50% over the past two years ending on March 31, 2024. With the addition of a new store in April 2024, the firm has reported increase in scale of operations, driven by higher sales volume and partially due to improved realizations. The firm reported a total operating income of Rs.162.66 crore in 10MFY25, i.e. significantly higher than Rs 89.93 crore in 10MFY24 (refers to the period from April 1, 2023, to January 31, 2024). Additionally, PAT improved to Rs 2.96 crore in 10MFY25, compared to Rs 1.48 crore in 10MFY24, ie. It continued to remain range bound.

Loyal customer base and presence at multiple locations along with income from franchises

The firm has been engaged in the similar lines of business since last 2-3 decades and has over the years developed a loyal customer base. The firm operates through its 11 stores spread across the city of Hyderabad and Visakhapatnam, which includes 4 stores under the name of ASML and 7 stores under various franchises of brands such as Raymond, Max, Yousta, etc, providing a stable source of income.

Key Rating Weaknesses

Moderate capital structure and debt protection metrics

ASML's debt protection metrics remains moderate with interest coverage of 2.89x in FY24 compared to 2.78x in FY23(A) wherein, capital structure though deteriorated but remains moderate with TOL/TNW and overall gearing at 4.55x & 2.67x, respectively as on March 31, 2024 as compared to 3.05x & 2.17x, respectively as on March 31, 2024. Gradual improvement is expected in the capital structure due to accretion of the profit to reserves.

Stretched operating cycle days

ASML's operating cycle remained stretched, due to elongated inventory holding period of around 200 days as on March 31, 2024, as inherent in the nature of the business engaged in the retail stores. The funding of the same is down through the fund based working capital limits as well as the elongated creditors days of around 2-3 months, leading to operating cycle of around 139 days as on March 31, 2024.

Intensely competitive industry

The retail garment and jewellery industries in India are highly competitive, with numerous players operating across various segments. Both industries require significant capital investments in inventory, branding, and store infrastructure, creating high exit barriers and driving intense competition. Additionally, product differentiation is minimal, and customer loyalty remains limited, making it challenging to retain customers. As a result, companies aggressively compete through pricing strategies, promotional offers, brand positioning, and trust-building measures to capture and sustain market share.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Trading Companies

Criteria for assigning Rating outlook.

Policy on Default Recognition and post default Curing period

Complexity Level of Rated Instruments/Facilities

Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity – Stretched

The liquidity position of ASML is stretched, with average working capital utilization for the last 12 months ended February 2025 remaining high at around 94.58%. However, the firm has sufficient GCA in the range of Rs 4.50-5.60 crore against repayments in the range of Rs 0.60-1.62 crore for the projected period of FY25-FY27. The current ratio remains moderate at 1.44x as on March 31, 2024. In line with the nature of the business, which requires maintaining high inventory levels, the quick ratio remained low as on March 31, 2024. The firm had cash and cash equivalents of Rs 1.34 crore as on March 31, 2024.

About the Firm

Anutex Shopping Mall LLP (ASML) was established in 1970 by P. Ramakrishna Rao, began as a door-to-door saree sales operation in Malkajgiri. Over the years, it has grown from a small shed into a multi-product retail enterprise, offering textiles, garments, and jewellery. With a legacy spanning over five decades, ASML now operates eleven stores across Hyderabad and Visakhapatnam.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	95.55	103.95
EBITDA	5.01	5.12
PAT	1.27	1.26
Total Debt	36.01	45.34
Tangible Net Worth	16.63	16.95
EBITDA Margin (%)	5.24	4.93
PAT Margin (%)	1.33	1.21
Overall Gearing Ratio (x)	2.17	2.67
Interest Coverage (x)	2.78	2.89

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Nil

Any other information: None

Rating History for last three years:

Sr. No.	Name of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Term loan	Long Term	7.19	IVR BB+/Stable	-	-	-
2.	GECL Loan	Long Term	1.77	IVR BB+/Stable	-	-	-
3.	Cash Credit	Long Term	44.50	IVR BB+/Stable	-	-	-
4.	Standby Letter of Credit	Short Term	2.50	IVR A4+	-	-	-

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About Infomerics:

Infomerics Valuation And Rating Ltd. (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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.

Annexure 1: Instrument/Facility Details

Name of Facility /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term loan	-	-	-	March 2034	7.19	IVR BB+/Stable
GECL Loan	-	-	-	up to December 2026	1.77	IVR BB+/Stable
Cash Credit	-	-	-	-	44.50	IVR BB+/Stable
Standby Letter of Credit				-	2.50	IVR A4+

Annexure 2: Facility wise lender details:

https://www.infomerics.com/admin/prfiles/len-anutex-mar25.pdf

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

Annexure 4: List of companies considered for consolidated/Combined 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.