



## Press Release

### Femina Shopping Mall Pvt Ltd

Aug 20, 2021

#### Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	20.12	IVR BB/Stable (Pronounced as IVR Double B with Stable Outlook)	Reaffirmed
<b>Total</b>	<b>20.12</b> <b>(INR Twenty Crores and Twelve Lakhs Only)</b>		

Details of Facilities are in Annexure 1

#### Detailed Rationale

The reaffirmation of the rating for the long-term bank loan facilities of Femina Shopping Mall Pvt Ltd (FSMPL) reflects extensive experience the promoters, and the favourable location of the FSM's branches across Trichy catering to grocery, food, non-food and other household items. However, the rating is constrained by decline in revenues in FY2021 impacted by Covid 19, its modest scale of operations, as also low margins which have recovered in FY2021 post drop in FY2020. The rating reaffirmation continues to factor in the leveraged capital structure as also the stretched coverage indicators and creditor position. Further, FSM profitability also remains vulnerable to competition from nearby malls and small stores. The rating also factors in the geographical concentration risk with operations concentrated in Trichy, Tamil Nadu.

#### Key Rating Sensitivities:

##### Upward Factors

- Significant growth in scale of operations with improvement in profitability leading to improvement in debt protection metrics on a sustained basis.
- Improvement in the capital structure.

##### Downward Factors

- Decline in income and/or profit margins impacting the liquidity, deterioration in the capital structure.
- Stretch in the operating cycle.

#### List of Key Rating Drivers with Detailed Description



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### Key Rating Strengths

#### **Extensive experience of the promoters**

The promoters, Mr. SMI Mohammed Abubacker. and Mr. Kalendher Naina Jafarulla have more than two decades of experience in the trading business and have developed healthy relationships with the customers and suppliers. Femina shopping mall outlets are located at multiple locations in the city of Trichy, TN. While the company majorly sells grocery items through its outlets, it has leased out some space which constitutes 1% of its total income.

#### **Favourable location**

FSM's branches are favourably located across Trichy catering to the grocery, food, non-food and other household items. The properties are located at Trichy Cantonment, Trichy Subramaniyapuram, Trichy- Old Goodshed Road, Trichy- K K Nagar and Trichy-Srirangam. Favourable location of the company managed spaces adds to the footfalls reflecting on the revenues. The company has garnered Rs. 71.02 crore in FY2021 amidst pandemic marked business environment while has till July 2021 in the current fiscal has clocked 24.00 crore revenues given some relaxation in the pandemic induced lockdowns.

### Key Rating Weaknesses

#### **Decline in revenues in FY2021 impacted by Covid 19, modest scale of operations**

The total operating income has remained stagnant between Rs. 80-85 crore over the past three years during FY18-20. The revenues remained at 71.02 crore in FY2021 while the same remained at Rs 80.12 crore in FY2020. The company has achieved Rs.24.00 crore revenue in Q1FY2021 on buoyancy in FMCG sector post reopening of the lockdown. Though the scale is expected to improve on account of the incremental sales from new shopping mall, it will continue to remain modest over the medium term.

#### **Low margins, recovery in FY2021**

The company's profit margin remains thin due to low value-added trading nature of business. The EBIDTA margin recovered to 5.18% and PAT margin to 0.41% in FY2021 as compared to the previous fiscal. The company expects operating margins to remain in the range of 4.00%-4.50% in the near term.



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### **Leveraged capital structure and coverage indicators**

FSM's capital structure is leveraged, marked by overall gearing ratio of 4.11x as on March 31, 2021 (provisional), owing to its low net worth base. During FY 2020, the company had incurred sizeable capex which was largely funded through debt (Term loan of Rs. 16.75 crore) for purchase of shopping mall. The coverage indicators remained moderate marked by DSCR and interest coverage of 1.55x and 1.29x respectively as per the provisional of FY 2021.

### **Stretch in the creditor days leading to modest operating cycle**

The average creditors period elongated to 65 days and 47 days in FY 2021 (provisional) and FY 2020 as against 27 days in FY 2019 leading to modest operating cycle of 23 days and 18 days in FY 2021 (provisional) and FY 2020 respectively.

### **Competition from nearby malls and small stores, geographical concentration risk with operations concentrated in Trichy, TN**

Competition from several small and medium retail players, as the company is in a commercial hub where there are large numbers of small stores. Though there are other regional players (such as Manglam Towers, KGS Trichy Mall, Sai Mall etc.) offering similar products, Moreover, FSMPL revenue are geographically concentrated with the six malls in Trichy only and reflects geographical concentration risk.

### **Analytical Approach: Standalone**

#### **Applicable Criteria:**

Rating Methodology for Trading Companies

Financial Ratios & Interpretation (Non- Financial Sector)

### **Liquidity – Stretched**

The liquidity remained stretched with, the average working capital limit utilisation remaining high above 98% during the last 12 months. However, the gross cash accruals are expected to be at Rs 2.30 crore to Rs 3.38 crore level in FY 2022 to FY 2024 which would be sufficient to cover the debt obligations. The free cash balance remains at 1.36 crore as on March 31, 2021. Further, the company has no debt raising plans in near term putting pressure on the liquidity.



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### About the Company

Femina Shopping Mall Private Limited (FSMPL) was incorporated in the year 1999. The company operates supermarkets/shopping malls in Trichy and primarily engaged in retailing of groceries, food, non-food and other household items. The company is promoted by Mr. S.M.I Mohammed Abubacker and Mr. Kalandher Naina Jafarulla.

### **Financials (Standalone):**

<b>For the year ended*/As on</b>	<b>31-03-2019</b>	<b>31-03-2020</b>	<b>31-03-2021**</b>
Total Operating Income	84.02	80.12	71.02
EBITDA	2.11	0.11	3.68
PAT	0.44	-0.87	0.30
Total Debt	16.47	24.28	34.43
Tangible Net Worth	7.03	7.50	8.37
EBITDA Margin (%)	2.51	0.14	5.18
PAT Margin (%)	0.52	-1.06	0.41
Overall Gearing Ratio (x)	2.34	3.24	4.11

**\*\* Provisional numbers**

**Status of non-cooperation with previous CRA: NA**



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Any other information: NA

Rating History for last three years:

S. No.	Facilities	Current Rating (FY 2021-22)			Rating History for last 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Term Loan	Long Term	16.85	IVR BB/Stable (Reaffirmed)	IVR BB/Stable (May 20, 2020)	--	--
2.	GECL		3.27			--	--



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### About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually



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widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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### Annexure 1: Details of Facilities

Name of Facilities	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facilities (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facility- Term Loan	-	-	October, 2029	16.85	IVR BB/Stable (Reaffirmed)
Long Term Bank Facility- GECL	-	-	NA	3.27	

**Annexure 2: List of companies considered for consolidated analysis:** Not Applicable.

### Annexure 3: Facility wise lender details

(<https://www.infomerics.com/admin/prfiles/Femina-shoppingMall-lenders-20aug21.pdf>)

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

### Annexure 5: Complexity level of the rated Instruments/Facilities

Sr No.	Facilities	Complexity Indicator
1.	Term Loan	Simple
2.	GECL	Simple





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**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it based on complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

