

February 26, 2021

Flemingo Travel Retail Limited: Rating downgraded based on the best available information, and withdrawn

Summary of rating action

Instrument [#]	Previous Rated Amount (Rs crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term – Fund based Term Loans	138.00	138.00	Long term rating of [ICRA]BBB- (Negative) ISSUER NOT COOPERATING *, downgraded to [ICRA]BB (Negative) ISSUER NOT COOPERATING *, and Withdrawn.
Long-term, Unallocated Limits	52.00	52.00	Long term rating of [ICRA]BBB- (Negative) ISSUER NOT COOPERATING *, downgraded to [ICRA]BB (Negative) ISSUER NOT COOPERATING *, and Withdrawn.
Long-term/Short term – Non-Fund based Limits	10.00	10.00	Long term rating of [ICRA]BBB- (Negative) ISSUER NOT COOPERATING *, downgraded to [ICRA]BB (Negative) ISSUER NOT COOPERATING *, and Withdrawn. Short term rating of [ICRA]A3 ISSUER NOT COOPERATING *, downgraded to [ICRA]A4 ISSUER NOT COOPERATING *, and Withdrawn
Long-term/Short-term – Fund based/Non-fund Based Limits	125.00	125.00	Long term rating of [ICRA]BBB- (Negative) ISSUER NOT COOPERATING *, downgraded to [ICRA]BB (Negative) ISSUER NOT COOPERATING *, and Withdrawn. Short term rating of [ICRA]A3 ISSUER NOT COOPERATING *, downgraded to [ICRA]A4 ISSUER NOT COOPERATING *, and Withdrawn
Total	325.00	325.00	

**Issuer did not cooperate; based on best available information*

#Instrument details are provided in Annexure-1

Rationale

The rating downgrade is because of lack of adequate information regarding Flemingo Travel Retail Limited (FTRL) performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its “Policy in respect of non-cooperation by the rated entity”. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with FTRL, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity’s management has remained non-cooperative. In the absence of requisite information and in line with SEBI’s Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA’s Rating Committee has taken a rating view based on the best available information.

The ratings assigned to Flemingo Travel Retail Limited has also been withdrawn at the request of the company and based on the no objection certificate received from the banker, and in accordance with ICRA’s policy on withdrawal and suspension.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities; [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Entities in the Retail Industry Policy in respect to non-cooperation by a rated entity Policy on withdrawal of Credit Rating
Parent/Group Support	Not Applicable
Consolidation/Standalone	The rating is based on the standalone financial statement of the rated entity

About the company

Incorporated in December 2007, FTRL manages and operates duty-free outlets at airports in India. Till February 26, 2017, FTRL was a 51:49 joint venture (JV) between DFS Venture Singapore Pte. Ltd and the Flemingo Group. However, on February 27, 2017, the Flemingo Group bought out the 51% stake of DFS Venture Singapore Pte. Ltd, thereby gaining full ownership of FTRL. FTRL derives a major portion of its revenues by operating duty-free outlets for a wide range of products at CSIA, Mumbai (Terminal T2). It operates such outlets at the Indira Gandhi International Airport, Delhi, for limited products such as apparel, accessories, sunglasses, and watches. Additionally, the company acquired rights of an operating lease (master concession) at the Netaji Subhas Chandra Bose International Airport, Kolkata, in December 2017. The rights include the sub-leasing of retail area to various retailers/brands, as per the master concession agreement.

Key financial indicators (Provisional)

Flemingo Dutyfree Shop Private Limited	Standalone	
	FY2019	FY2020
Operating Income (Rs. crore)	893.8	791.6
PAT (Rs. crore)	-27.0	-60.2
OPBDIT/OI (%)	3.4%	5.9%
RoCE (%)	-1.7%	-37.9%
Total Outside Liabilities/Tangible Net Worth (times)	-3.7	-3.2
Total Debt/OPBDIT (times)	9.5	4.5
Interest Coverage (times)	0.8	1.5
DSCR (times)	0.1	0.8

*Provisional

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net Worth + Deferred Tax Liability - Capital Work in Progress); DSCR: (PBIT + Mat Credit Entitlements - Fair Value Gains through P&L - Non-cash Extraordinary Gain/Loss)/(Interest + Repayments made during the Year)

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Type	Current Rating (FY2021)		Date & Rating	Date & Rating	Date & Rating	Chronology of Rating History for the past 3 years				
			Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)				Date & Rating in FY2020		Date & Rating in FY2019		Date & Rating in FY2018
								30-Mar-20	20-Dec-19	30-Oct-18	27-Sep-18	26-Feb-18
1	Term Loan	Long-term	138.0	127.0	[ICRA]BB (Negative); ISSUER NOT COOPERATING, Withdrawn	[ICRA]BBB- (Negative); ISSUER NOT COOPERATING	[ICRA]BBB- (Negative)	[ICRA]BBB- (Negative)	[ICRA]BBB+ (Negative)	[ICRA]BBB+; &	[ICRA]BBB+; &	[ICRA]BBB+; &
2	Fund-based/ Non-fund Based Limits	Long-term/ Short-term	125.0	-	[ICRA]BB (Negative)/ [ICRA]A4; ISSUER NOT COOPERATING, Withdrawn	[ICRA]BBB- (Negative)/ [ICRA]A3; ISSUER NOT COOPERATING	[ICRA]BBB- (Negative) / [ICRA]A3	[ICRA]BBB- (Negative) / [ICRA]A3	[ICRA]BBB+ (Negative) / [ICRA]A2	[ICRA]BBB+ / [ICRA]A2; &	[ICRA]BBB+ / [ICRA]A2; &	[ICRA]BBB+ / [ICRA]A2; &
3	Non-fund Based Limits	Long-term/Short-term	10.0	-	[ICRA]BB (Negative)/ [ICRA]A4; ISSUER NOT COOPERATING, Withdrawn	[ICRA]BBB- (Negative)/ [ICRA]A3 ISSUER NOT COOPERATING	[ICRA]BBB- (Negative) / [ICRA]A3	[ICRA]BBB- (Negative) / [ICRA]A3	[ICRA]BBB+ (Negative) / [ICRA]A2	[ICRA]BBB+ / [ICRA]A2; &	-	-
4	Unallocated Limits	Long-term	52.0	-	[ICRA]BB (Negative); ISSUER NOT COOPERATING, Withdrawn	[ICRA]BBB- (Negative) ISSUER NOT COOPERATING	[ICRA]BBB- (Negative)	[ICRA]BBB- (Negative)	[ICRA]BBB+ (Negative)	-	[ICRA]BBB+; &	-

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [click here](#)

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Term Loan	FY2018	-	FY2026	138.0	'[ICRA]BB (Negative) ISSUER NOT COOPERATING; Withdrawn.
NA	Fund-based/ Non-fund Based Limits	-	-	-	125.0	'[ICRA]BB (Negative) / [ICRA]A4 ISSUER NOT COOPERATING; Withdrawn.
NA	Bank Guarantee	-	-	-	10.0	'[ICRA]BB (Negative) / [ICRA]A4 ISSUER NOT COOPERATING; Withdrawn.
NA	Long-term unallocated limits	-	-	-	52.0	'[ICRA]BB (Negative) ISSUER NOT COOPERATING; Withdrawn.

Source: Flemingo Travel Retail Limited

Annexure-2: List of entities considered for consolidated analysis: NA

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About ICRA Limited:

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