

## SSIPL Retail Limited

Instrument	Amount	
	In Rs. Crore	April 2016
<b>Fund Based Limits</b>	94.00 (earlier Rs. 83.00 crore)	[ICRA]A- (Positive) reaffirmed
<b>Term Loans</b>	19.43 (earlier Rs.21.00 crore)	[ICRA]A- (Positive) reaffirmed
<b>Non-Fund Based Limits</b>	12.00	[ICRA]A- (Positive) reaffirmed
<b>Unallocated Limits</b>	0.57 (earlier Rs. 0.00 crore)	[ICRA]A- (Positive) reaffirmed
<b>Total</b>	<b>126.00</b>	

ICRA has reaffirmed/assigned the long term rating of [ICRA]A- (pronounced ICRA A minus) for Rs 126.00 crore<sup>1</sup> bank lines (enhanced from Rs. 116.00 crore) of SSIPL Retail Limited (SRL)<sup>†</sup>. The outlook on the long-term rating has been reaffirmed at positive.

The rating takes a consolidated view on the credit risk profiles of SSIPL Retail Limited and its wholly owned subsidiary SSIPL Lifestyle Private Limited. The two entities are together referred to as group.

The rating continues to factor in the long track record of SRL's promoters in the sportswear retailing and manufacturing industry and company's established relationship with reputed sportswear/apparel companies. SRL continues to be leading retailer for Nike sportswear in India accounting for ~70% of Nike retail outlets in India. The rating also draws comfort from steady turnover level maintained by the group with net sales of Rs. 673.9 crore in 9MFY16 as against Rs. 899.8 crore in FY15. In addition, the rating also takes into consideration the diversification of group's business operations with commencement of distribution business for Lotto in FY16.

However, the rating is constrained by decline in group's profitability in 9MFY16 and the increase in debt levels of the group to fund the increasing working capital requirements. Increased debt levels coupled with decline in profitability has resulted in deterioration in debt coverage indicators. The rating also takes into consideration the client concentration risk arising out of the fact that SRL derives a major proportion of its revenues from Nike; the risk of non-renewal of contracts by its client and competitive nature of the industry. ICRA also notes the possibility of further pressures on profitability margins with opening of new retail stores. Further, the rating takes into account the working capital intensive nature of operations driven largely by relatively high inventory holding requirements for supporting the retail operations.

### About the Company

SSIPL Retail Limited (SRL) was incorporated in October 1994 as Moja Shoes Private Limited and subsequently changed its name to SSIPL Retail Private Limited in Aug 2006 and to SSIPL Retail Limited in May 2008. The promoters of the company are Mr. Rishab Soni, Mr. Sunil Taneja and Mr. Amit Mathur. SRL is involved in manufacturing of footwear for international brands like Nike, Lotto, Puma, in-house brand Mmojah and retailing for Nike products/sportswear. The company's wholly owned subsidiary SSIPL Lifestyle Private Limited is involved in retailing of Levi's, Lotto, UCB, Clarks, Mmojah and also operates concept stores by the name of Value Station, Shoe Tree and Sports Station. In addition to retailing, SSIPL Lifestyle Private Limited has also commenced distribution business for Lotto and Mmojah in FY16.

### Recent Results

During 9MFY16, SRL has reported net sales of Rs. 476.9 crore with a profit after tax of Rs. 12.1 crore. As per the audited results, SRL reported net sales of Rs. 701.5 crore with a profit after tax of Rs. 19.7 crore in FY2015 compared to the net sales of Rs. 634.3 crore and profit after tax of Rs. 20.9 crore in FY2014.

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's Website, [www.icra.in](http://www.icra.in), or any of the ICRA Rating Publications.



On consolidated basis, the group has reported net sales of Rs. 673.9 crore with a profit after tax of Rs. 14.3 crore during 9MFY16. As per the audited results, the group reported net sales of Rs. 899.1 crore with a profit after tax of Rs. 20.5 crore in FY2015 compared to the net sales of Rs. 762.0 crore and profit after tax of Rs. 20.0 crore in FY2014.

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