



SSIPL Retail Limited

Instruments	Amount in Rs. Crore	Rating Action as on August 2015
Fund-Based Limits (earlier Rs. 101.00 crore including unallocated facilities)	83.00	[ICRA]A-(Positive) <i>Upgraded from [ICRA]BBB-(Stable)</i>
Term Loans	21.00	[ICRA]A-(Positive) <i>Upgraded from [ICRA]BBB-(Stable)</i>
Non Fund Based Limits (earlier Rs. 5.00 crore)	12.00	[ICRA]A-(Positive) <i>Upgraded from [ICRA]BBB-(Stable)</i>

ICRA has revised the long term rating for Rs. 116.0 crore* (enhanced from Rs. 106.0 crore) fund/non-fund based limits of SSIPL Retail Limited (SRL)[†] from [ICRA]BBB- (pronounced as ICRA Triple B minus) to [ICRA]A-(pronounced as ICRA A minus). The outlook on the long term rating has been revised to Positive from stable.

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 revision takes into account the material reduction in the buyback obligations of the company with respect to private equity investments and the consequent improvement in the debt protection metrics. SRL in FY2015 introduced a new Private Equity (PE) participant who has replaced the existing PE/other investors in SRL. This led to substantial reduction in SRL's buyback commitments which were relatively sizeable in relation to its cash flows. In addition, the rating continues to take into account the healthy growth in group's revenue primarily led by the improved performance of the retail segment. In addition, ICRA factors in the company's experienced management and its 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. Notwithstanding the above strengths, the rating takes into consideration the client concentration risk arising out of the fact that SRL derives 65%- 70% 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 pressures on profitability margins with the constant growth of 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 & Sierra 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 of Value Station and Shoe Tree. SRL has established six manufacturing facilities in states of Haryana, Himachal Pradesh and Uttarakhand.

Recent Results

In FY2015, the company has reported net sales of Rs. 701.45 crore with a profit after tax of Rs. 19.7 crore compared to the net sales of Rs. 634.30 crore and profit after tax Rs. 20.9 crore in FY2014.

* 1 crore = 100 lakhs = 10 million

[†] For complete rating scale and definitions, please refer ICRA's website www.icra.in or other ICRA Rating Publications.



On consolidated basis, the group In FY2015, reported net sales of Rs. 899.14 crore with a profit after tax of Rs. 20.5 crore compared to the net sales of Rs. 762.0 crore and profit after tax Rs. 20.0 crore in FY2014.

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