

Press Release

Shoppers International Malls Private Limited

March 15, 2017

Rating Assigned

| | |
|-------------------------------------|---------------------------|
| Total Bank Facilities Rated* | Rs. 17.25 Cr. |
| Long Term Rating | SMERA B / Outlook: Stable |

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (**read as SMERA B**) on the Rs. 17.25 crore bank facilities of Shoppers International Malls Private Limited. The outlook is '**Stable**'.

Shoppers International Malls Private Limited (SIMPL), incorporated in 2011 is in the process of constructing a shopping mall 'Project Diamond' at Thrissur consisting of four floors including car park facility for around 60 cars. The estimated project cost is Rs 27.54 cr to be funded by owner's contribution of Rs.10.29 cr and bank borrowings of Rs.17.25 cr. The construction work commenced in 2012 and is expected to be complete by March 2017. SIMPL, promoted by Mr. K Krishnan Kutty and Ms. Madhuri Varma in 2011, is engaged in the development of commercial property.

Key Rating Drivers

Strengths

- **Experienced management**

The rating draws comfort from the experienced management. Currently, the company is headed by Mr. P.P. Sunny, Managing Director with extensive experience in the industry and track record of having completed five commercial projects in Trissur.

- **Locational advantage**

The project is located near Trissur and enjoys locational advantage.

Weaknesses

- **Project execution delays**

The project took off in 2012, but faced execution delays due to absence of experienced management and shortage of funds. Currently the project is led by Mr. P.P. Sunny, Managing Director with extensive experience in the industry. A further infusion of Rs.8 cr has been made to make up for the shortfall of funds.

- **Timely execution of the project and saleability of shops**

Around 90 per cent of the project was completed in December 16 with the balance expected to be over by March 2017. The project is exposed to inherent risk of saleability/lease rentals. However, around 2,120 sq feet of space would be sold to M/s Sunny Diamond, owned by Mr. P.P. Sunny.

- **High dependence on external borrowings**

The total project cost stands at Rs.27.54 crore with 65 per cent funding through bank borrowings and the balance from promoters own contribution.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of SIMPL.

Outlook: Stable

SMERA believes that SIMPL will maintain a stable outlook and benefit from the experience of its promoters over the medium term. The outlook may be revised to 'Positive' in case the company generates steady cash flows from sales/lease rentals. Conversely, the outlook may be revised to 'Negative' if the company faces delays in project execution.

About the Rated Entity - Key Financials

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Infrastructure Entities - <https://www.smera.in/criteria-infra.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Cr.) | Ratings/Outlook |
|------------------------|------------------|----------------|---------------|-----------------------------|------------------|
| Term loans | Not Applicable | Not Applicable | 31-Aug-2026 | 17.25 | SMERA B / Stable |

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ABOUT SMERA

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