



**Press Release**  
**SHRIMA RC MA LL LLP**  
**July 28, 2023**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	78.00	ACUITE BBB   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	78.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) on the Rs.78.00 Cr. bank facilities of Shrimarc Mall LLP. The outlook remains '**Stable**'.

**Rationale for reaffirmation**

The rating reaffirmation considers the favourable location of the mall and the steady cash flows backed by reputed clientele base. The group has steady cash inflows which stood at Rs.17.86 Cr in FY2023 (Provisional) as against a total outflow of Rs.14.13 Cr, thereby having a surplus of Rs.3.73 Cr. The DSCR stood at 1.32 times over the same period. The rating further factors in the presence of debt servicing reserve account (DSRA) in the form of fixed deposit equivalent to three months of debt repayment, and an escrow structure, which prioritizes debt servicing. The rating also continues to draw comfort from the strong partnership between BSHDL and SVPL for which SML is likely to derive operational synergies as well as financial flexibility from the proven track record and the diverse portfolio of the partners. The rating, however, remains constrained by the modest debt coverage indicators and the exposure to lessee concentration risk.

**About the Company**

Incorporated in 2013, Shrimarc Mall LLP (SML) is a Limited Liability Partnership (LLP) between Bengal Shrachi Housing Development Limited (BSHDL) and Sky Vinimay Private Limited (SVPL) with an equal profit sharing ratio. SML operates a commercial mall at Durgapur (West Bengal) named 'Junction Mall' which is a multi-storeyed shopping mall with various brand outlets, multiplex, joy rides and famous restaurants. The property is spread over a total area of around 4.2 lakh Sq Ft out of which leasable area is 3.24 lakh sq. ft. Out of this 2.85 lakh sq. ft is available for lease and balance area has been sold. It is located in the heart of the Durgapur town and was inaugurated in 2011. The mall has an eclectic mix of 200+ national & international brands like The Body Shop, Fabindia, The Apple Store, Shopper's Stop, Nike, Reebok, Pantaloons, to name a few.

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of SML to arrive at this rating.

**Key Rating Drivers**

**Strengths**

**Long track record of operations and experienced partners**

The promoters of SML, Bengal Shrachi Housing Development Limited (BSHDL) and Sky Vinimay

Private Limited (SVPL) have more than two decades of experience in commercial property and real estate operations. SVPL belongs to the Primarc group, a conglomerate in diverse business operations such as real estate, retail franchisees, online and offline retail trading.

Primarc group is engaged in the development of residential, commercial and retail projects with over two decades of operations in the Kolkata real estate market. The business is managed by Mr. Mahesh Pansari and Mr. Siddharth Pansari (sons of Mr. Nand Kishore Pansari).

BSHDL is a joint venture between the West Bengal Housing Board (49.97% stake) and Shrachi Group (50.03% stake). Over the last two decades, BSHDL has undertaken both residential and commercial projects in West Bengal namely Greenwood Nook, Greenwood Park, Greenwood Park extension, Greenwood Sonata and Greenwood Elements, and other commercial projects –Block by Block in New-Town and Synthesis Business Park at Rajarhat. Hence, Acuité believes that the long track record of operations and the vintage of the promoters will continue to support the operations of the firm over the medium term.

### **Steady revenue base aided by association with reputed clientele**

The firm achieved revenues of Rs. 13.86 Cr. in FY2022 as compared to Rs.11.65 Cr in FY2021. Further, it achieved revenues of Rs.17.34 Cr in FY2023 (Provisional). The group has steady cash inflows from the rental income generating from Junction mall. The total cash inflow of the group during FY23 is estimated at Rs.17.86 Cr as against a total outflow of Rs.14.13 Cr, thereby having a surplus of Rs.3.73 Cr and a DSCR of 1.32 times which is expected to improve going forward.

The firm operates on lease model and has entered into a long term agreement with reputed brands like Shoppers stop, Pantaloons, Spencers, Priya Entertainment Private Limited, Subway, Chai Break, Mainland China, Pizza hut etc. Currently, there are around 121 tenants in the mall. Out of the same, there are four anchor tenants, Shoppers stop, Pantaloons, Spencers and Priya Entertainment Private Limited which constitutes ~ 42 per cent of the total leased area.

Acuité believes that the lease agreement with reputed clients, the established market position of SML, and the brand recognition of the tenants will continue to mitigate the risk of any unlikely delay in receipt of lease rental and will also ensure the renewal of lease agreements post completion of existing tenure.

### **Favourable location of the mall and healthy occupancy level**

The Junction Mall is situated in the heart of the Durgapur city and is one of the largest malls in the city having tie up with reputed brands like Shoppers stop, Pantaloons, Spencers, Multiplex (Bioscope), Reliance trends, Khadims, Woodland, Blackberry Mumoso, etc. The Mall is very well connected and lies in close proximity to hotels, main Bus Terminus and residential apartments. Further, the mall has entertainment zones and food hubs such as KFC, Mainland China, Subway, Chai Break and Pizza hut etc. leading to healthy footfalls. Being the largest mall in Durgapur, it caters to towns of Burdwan, Asansol, Rangiganj and Dhanbad.

With no major competing mall in Durgapur market of similar scale and operations, the footfalls for the mall are robust. This is also reflected in near to full occupancy of the mall and premium brand presence. Hence, owing to an attractive location of the mall and robust footfall, the firm enjoys healthy occupancy level of ~95 per cent. Acuité believes that the favourable location of the mall would continue to benefit the firm in terms of robust footfalls and premium brand participation.

### **Weaknesses**

#### **Moderate financial risk profile**

The firm's moderate financial risk profile is marked by improving networth, high gearing and moderate debt protection metrics. The tangible net worth of the group increased to Rs.20.93 Cr as on March 31, 2022 from Rs.17.64 Cr as on March 31, 2021. The gearing of the group stood high at 6.67 times as on March 31, 2022 as against 4.36 times as on March 31, 2021. The debt is substantially backed by highly stable rent-generating assets. The moderate debt protection metrics of the group is marked by Interest Coverage Ratio (ICR) at 1.36 times as on March 31, 2022 and Debt Service Coverage Ratio at 1.06 times as on 31st March, 2022. Acuité believes that the financial risk profile of the company is expected to remain moderate over the

medium term.

### **Renewal risk of lease contracts and susceptibility to lower occupancy due to economic downturns**

In the event of non-renewal by existing lessee, the future cash flows will be impacted thereby translating to weakening of debt protection indicators. Key clients contribute to more than 40% of the total lease rentals. In the event of either of the companies deciding to move out or seeking a renegotiation the rentals are likely to be impacted. Hence, timely renewal/leasing at similar or better terms than the existing agreements will remain a key rating sensitivity factor. However, this risk is mitigated to an extent considering mall's strategic location and strong credit risk profile of tenants. Further, there is minimal risk of non renewability of the lease agreement of anchor tenants as few of them has already sustained beyond the lock in period.

### **Rating Sensitivities**

- Significant delays in payment of lease rentals by the counterparty
- Improvement in financial risk profile
- Decline in occupancy level leading to cash flow mismatch

### **Material covenants**

None

### **Liquidity Position: Adequate**

The firm's adequate liquidity position is expected to support debt servicing in the near-to-medium term on account of presence of escrow accounts to ensure timely repayment. The current ratio stood comfortable at 8.80 times as on March 31, 2022 as compared to 0.69 times as on March 31, 2021. The cash flow is expected to be comfortable during the tenure of the loan and its debt service coverage ratio (DSCR) expected to remain comfortable at an average of 1.38 times over the tenure of the LRD loan, owing to the expectation of steady lease rentals and well-structured debt repayment obligation. Further, the firm maintains DSRA equivalent to three months debt service obligation which strengthens the liquidity profile of the firm.

Acuité notes that liquidity of the firm is supported by strong refinancing ability as well as the ability to raise additional lease rental discounting loans, if required. Moreover, the overall liquidity profile has been supported by timely infusion of funds from the promoter and such support is expected going forward as well.

### **Outlook: Stable**

Acuité believes that firm's outlook will remain 'Stable' over the medium term on account of experienced management, steady cash flows from lease rentals, strong counterparties and the presence of escrow mechanisms for the LRD loan. The outlook may be revised to 'Positive' in case of a sharp increase in the DSCR because of better-than-expected lease rentals. The outlook may be revised to 'Negative' if a significant dip in the lease rentals or re-negotiations leading to lower cash flows impacting the debt protection metrics or unexpected termination of existing leases.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	13.86	11.65
PAT	Rs. Cr.	1.16	(0.05)
PAT Margin	(%)	8.41	(0.44)
Total Debt/Tangible Net Worth	Times	6.67	4.36
PBDIT/Interest	Times	1.36	1.25

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

Not Applicable

### Any other information

Not Applicable

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
02 Jun 2022	Term Loan	Long Term	10.00	ACUITE BBB   Stable (Assigned)
	Term Loan	Long Term	68.00	ACUITE BBB   Stable (Reaffirmed)
01 Apr 2021	Term Loan	Long Term	68.00	ACUITE BBB   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Kotak Mahindra Bank	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	7.00	ACUITE BBB   Stable   Reaffirmed
Kotak Mahindra Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	71.00	ACUITE BBB   Stable   Reaffirmed

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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