



Press Release

Plus Max Duty Free Private Limited

October 25, 2018

Rating Assigned

Total Bank Facilities Rated*	Rs. 35.00 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B+** (**read as ACUITE B plus**) and short term rating of '**ACUITE A4** (**read as ACUITE A four**) to the Rs. 35.00 crore bank facilities of PLUS MAX DUTY FREE PRIVATE LIMITED (PMDF). The outlook is '**Stable**'.

Plus Max Group (PMG) was first established in 2009 as Plus Max Impex India Private Limited, it was engaged in import and export of liquor to Singapore and Malaysia. In 2016, the company in collaboration with Malaysia based AGM Duty Free Selatan SDN. BHD., won license to run and operate duty free shops at five international airports including Trivandrum, Coimbatore, Vizag, Pune and Madurai. In March 2017, it commenced operations in its first store at Coimbatore and Vizag Airports, following which in May 2017, the Pune Airport store was opened. While in June 2017, the Madurai Airport store and in September 2017, the Trivandrum Airport store was opened.

Analytical Approach

Acuité has consolidated the financial and business profiles of Plus Max Duty Free Private Limited (PMDF), Plus Max Duty Free (Kovai) Private Limited (PMDFK), Plus Max Duty Free (Vizak) Private Limited (PMDFV), Plus Max Duty Free (Pune) Private Limited (PMDPF) and Plus Max Duty Free (Madurai) Private Limited (PMDFM) together referred to as the Plus Max Group (PMG). The consolidation is in view of the common ownership, similarity in the line of business, operational and financial linkages within the group.

Key Rating Drivers

Strengths

- **Established track record and experienced promoters**

PMG promoters are associated with the holding company, AGM Duty free, through which they have over a decade's experience in liquor trading. The group is associated with AGM Duty Free (Sellatan) Malaysia and Plus Max Group Malaysia, who are also the major promoters of the group in India. The said companies have over two decades of experience in running and operating duty free stores in Malaysia.

- **Moderate financial risk profile**

Plus Max group have moderate financial risk profile marked by tangible net worth of Rs.26.74 crore as on 31 March, 2018 (Provisional) as against Rs.13.39 crore as on 31 March, 2017. The gearing stood low at 0.13 times as on 31 March, 2018 (Provisional) as against 0.16 times as on 31 March, 2017. The debt of Rs.3.50 crore mainly consists of unsecured loans from promoters of Rs.2.22 crore and working capital borrowings of Rs.1.28 crore as on 31 March, 2018 (Provisional). Interest Coverage Ratio (ICR) stood at 18.83 times in FY2018 (Provisional).

Going forward, Acuité expects the financial risk profile to remain moderate in the absence of major debt funded capex plans.

Weaknesses

- **Working capital intensive operations**

PMG's operations are working capital intensive marked by high Gross Current Asset (GCA) of 149 days in FY2018 (Provisional) compared to 791 days in FY2017. The GCA days are mainly dominated by high inventory days of 57 days in FY2018 (Provisional) compared to 169 days in FY2017.

Acuité believes that the efficient working capital management will be crucial to the group in order to maintain a stable credit profile.

- **Revenue susceptible to footfall and air traffic**

Since the major portion of the revenue is derived from duty free shops at international airports, its revenues are dependent on the air traffic at these airports and passenger footfalls at these stores.

Outlook: Stable

Acuité believes PMG will maintain a 'Stable' business risk profile over the medium term on account of its experienced promoters. The outlook may be revised to 'Positive' in case the group registers healthy growth in revenues while achieving sustained improvement in operating margins, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of decline in the group's revenues or profit margins, or in case of deterioration in the group's financial risk profile and liquidity position.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	143.00	8.13	1.52
EBITDA	Rs. Cr.	14.02	-3.86	-0.49
PAT	Rs. Cr.	13.35	-4.12	-0.49
EBITDA Margin	(%)	9.81	-47.42	-32.63
PAT Margin	(%)	9.34	-50.62	-32.51
ROCE	(%)	61.04	-28.34	-9.81
Total Debt/Tangible Net Worth	Times	0.13	0.19	0.06
PBDIT/Interest	Times	18.83	-8.41	-755.03
Total Debt/PBDIT	Times	0.25	-0.70	-1.08
Gross Current Assets (Days)	Days	149	791	2317

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Consolidation Of Companies - <https://www.acuite.in/view-rating-criteria-22.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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
Overdraft#	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE B+ / Stable
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	20.47	ACUITE B+ / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	12.53	ACUITE A4

#contains sublimit of letter of credit to the extent Rs.2.00 crore

Contacts

Analytical	Rating Desk
Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 aditya.gupta@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in
Salome Farren Analyst - Rating Operations Tel: 022-49294025 salome.farren@acuiteratings.in	

About Acuité Ratings & Research:

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