

Press Release

Plus Max Duty Free Private Limited

November 22, 2019

Rating Reaffirmed



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

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed 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. (AGMDF), 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

Acuite 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

- **Experienced promoters and support from parent company:**

The promoters of PMG, Mr. Prakadeesh Kumar was earlier associated with the holding company, AGMDF, through which he has over a decade's experience in liquor trading and operations of duty free shops. AGMDF, the parent company is in the similar line of business for over two decades, and is running and operating duty free stores in across Malaysia, and extends support to PMG group as and when required.

Acuite believes that PMG will benefit from the promoters extensive experience and support of its parent.

- **Moderate financial risk profile**

Plus Max group have moderate financial risk profile marked by tangible net worth of Rs. 18.57 crore as on 31 March, 2019 (Provisional) as against Rs.14.23 crore as on 31 March, 2018. The gearing stood comfortable at 0.06 times as on 31 March, 2019 (Provisional) as against 0.28 times as on 31 March, 2018. The debt of Rs.1.11 crore mainly consists of working capital borrowings of Rs.1.0 crore and unsecured loans from promoters of Rs.0.10 crore as on 31 March, 2019 (Provisional). Interest Coverage Ratio (ICR) stood at 7.59 times in FY2019 (Provisional).

Going forward, Acuite 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 139 days in FY2019 (Provisional) compared to 98 days in FY2018. The GCA days are mainly dominated by high debtor days. The company derives 89 percent of its income from merchant exports debtor days from this business stood at 70 days in FY2019 (Provisional) compared to 8 days in FY2018.

Acuite 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

Acuite 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	FY19 (Provisional)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	160.29	132.21	8.13
EBITDA	Rs. Cr.	5.81	2.22	-3.86
PAT	Rs. Cr.	4.27	0.81	-4.12
EBITDA Margin	(%)	3.62	1.68	-47.42
PAT Margin	(%)	2.66	0.61	-50.62
ROCE	(%)	28.88	9.76	-28.34
Total Debt/Tangible Net Worth	Times	0.06	0.28	0.19
PBDIT/Interest	Times	7.59	2.82	-8.41
Total Debt/PBDIT	Times	0.18	150	-0.70
Gross Current Assets (Days)	Days	138	98	791

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

None

Any other information

Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

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)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
25-October-2018	Overdraft#	Long Term	2.00	ACUITE B+/Stable (Assigned)

	Proposed Bank Facility	Long Term	20.47	ACUITE B+/Stable (Assigned)
	Bank guarantee/ Letter of Guarantee	Short Term	12.53	ACUITE A4 (Assigned)

***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 (Reaffirmed)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	20.47	ACUITE B+ / Stable (Reaffirmed)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	12.53	ACUITE A4 (Reaffirmed)

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

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About Acuité Ratings & Research:

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