



Press Release

Supermax Personal Care Private Limited [SPCPL]

July 16, 2020

Rating

Sr. No.	Instrument/ Facility	Amount (INR Crore)	Rating Assigned	Rating Action
1	<u>Long Term/ Short Term Fund based facilities</u> PCFC FDBP CC*	4.00 32.50 (4.00)	IVR A4 [IVR A Four] IVR A4 [IVR A Four] IVR BB-/ Stable Outlook [IVR Double B Minus with Stable Outlook]	Assigned
2	<u>Short Term Non-Fund based facilities</u> BG/ LC	58.92	IVR A4 [IVR A Four]	Assigned
	Total	95.42		

*CC = Cash Credit of INR 4 Crore is a sub-limit of PCFC (Packing Credit)

FDBP = Foreign Documentary Bill Purchased, LC = Letter of Credit; BG = Bank Guarantee

Details of facilities are in Annexure 1

Rating Rationale

The rating assigned to the bank facilities of Supermax Personal Care Private Limited (SPCPL) derive strength from established brand and experienced management. The rating is however constrained by declining operating income alongwith decline in profitability, stretched receivables & higher utilization of working capital limit and competition.



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Key Rating Sensitivities:

➤ **Upward Rating Factor:**

Substantial & sustained improvement in the revenue & EBITDA margin while maintaining the debt protection metrics

➤ **Downward Rating Factor:**

Any further decline in revenue and/or EBITDA margin leading to decline in debt protection metrics

Deterioration in the average cash conversion cycle

Detailed Description of Key Rating Drivers

Key Rating Strengths

Established brand

The Company sells its product under the brand name of “Super-Max”. The Company has established presence across 140 countries across Asia, Africa, Europe and America. Being a global company with operations spread across 5 continents, Super-Max is one of the leading double edge razor blade manufacturing companies.

They have partnered with leading retailers throughout the world, giving their customers access to their products wherever they go.

Experienced management

Mr. Kenny Abraham is the CEO of the Company who is a sales & marketing professional with 21 years of rich experience in the FMCG Industry. He is assisted by other professional team members. Mr. Uday Desai is the Factory Head - Executive Director & has 25 years of rich experience in production in the FMCG Industry.



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Key Rating Weaknesses

Declining operating income alongwith decline in profitability

Over a period of last 3 years, the Company's total income from operations shows a declining trend with revenue of INR 632 Crore in FY17, INR 623 Crore in FY18 & INR 620 Crore in FY19. The income from operation in FY20 of INR 572 Crore has reduced from INR 620 Crore in FY19, recording a fall of 7.74%. The EBITDA margin was range bound at around 7% during FY17-FY19. However, the EBITDA margin decreased to 3.68% in FY20 due to increase in employee cost & raw material prices. The dent in revenue & EBITDA is also attributed to the impact of Covid-19 & subsequent nation-wide lockdown towards the end of FY20. Being an FMCG Company, it books considerable amount of revenue in the second half of March.

The company had booked a negative PAT margin in FY20 against 0.43% in FY19.

Stretched Receivables & higher utilization of working capital limit

The Average Collection period has increased to 276 days as at FY20 from 251 days as at FY19. Majority of these receivables continues from its group companies and are more than a year period. Resultantly, even Creditor days are stretched.

The Average cash conversion cycle of the Company has increased to 75 days as at FY20 from 45 days as at FY19.

Competition

The industry is characterized by competition from various players to tap the market share at competitive pricing strategy.

Analytical Approach & Applicable Criteria:

- Standalone
- Rating methodology for manufacturing companies
- Financial ratios and Interpretation (Non-Financial Sector)



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Liquidity: Stretched

The Company liquidity remains stretched marked by elevated gross cash conversion cycle, high utilisation of working capital limits during the last twelve months ended April-2020 coupled with decline in GCA in FY20.

About the company

Supermax Personal Care Private Limited (SPCPL) was incorporated on September 3, 2010 as a Private Limited Company. The Company is mainly engaged in the business of manufacturing & marketing of safety blades, razors etc. SPCPL's Holding Company is Super-Max Singapore PTE Limited, holding 99.99% shares of the Company & Super-Max Luxembourg S.A.R.L. (Subsidiary of its Ultimate Holding Company) holds 0.01% shares of the Company.

Super-Max product portfolio offers a wide bouquet of shaving solutions. The blades category ranges from Double Edge Blades, Single and Twin Blade Disposable razors, mass market Triple Blade Disposable razors and the premium Four Blade Disposable razors. The toiletries category ranges from Shaving Creams, Shaving Foams, Shaving Gels, After-shave Splash and Balm, and Deodorants.

Financials

For the year ended / As on	INR in Crore		
	31-Mar-18 (Audited)	31-Mar-19 (Audited)	31-Mar-20 (Provisional)
Total Operating Income	623.57	620.42	572.45
EBITDA	46.15	40.71	21.09
PAT	3.88	2.73	-20.37
Total Debt	190.42	183.89	140.33
Tangible Net Worth	164.48	157.70	177.61
EBITDA Margin (%)	7.40	6.56	3.68
PAT Margin (%)	0.62	0.43	-3.56
Overall Gearing ratio (x)	1.16	1.17	0.79

* Classification as per Infomerics' standards



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Details of Non Co-operation with any other CRA:

Brickwork Ratings has moved the rating of Supermax Personal Care Private Limited into the Issuer Non Co-operating category as per the Press Release dated January 27, 2020.

Any other information: N.A.

Rating History for last three years:

Name of Instrument/ Facility	Current Rating (Year: 2020-21)			Rating History for the past 3 years		
	Type	Amount (INR Crore)	Rating	Rating assigned in 2019-20	Rating assigned in 2018-19	Rating assigned in 2017-18
Long Term/ Short Term Fund based facilities	PCFC FDBP CC*	4.00 32.50 (4.00)	IVR A4 IVR A4 IVR BB-/ Stable Outlook	--	--	--
Short Term Non-Fund based facilities	BG/ LC	58.92	IVR A4	--	--	--
	Total	95.42				

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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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Annexure 1: Details of Facilities

Sr. No.	Name of Facility	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
1	Long Term/ Short Term Fund based facilities PCFC FDBP CC*	--	--	--	4.00 32.50 (4.00)	IVR A4 IVR A4 IVR BB-/ Stable Outlook
2	Short Term Non-Fund based facilities BG/ LC	--	--	--	58.92	IVR A4
	Total				95.42	

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Annexure II: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Supermax-lenders-16july20.pdf>