



Press Release

Supermax Personal Care Private Limited [SPCPL]

September 27, 2021

Rating

Sr. No.	Instrument/ Facility	Amount (INR Crore)	Rating	Rating Action
1	<u>Long Term Fund based facilities</u> Cash Credit	2.25 (Reduced from 4.00)	IVR B+/ Stable [IVR B Plus with Stable Outlook]	Rating revised
2	<u>Short Term Fund based facilities</u> FDBP (Foreign Documentary Bill Purchased)	23.96 (Reduced from 32.50)	IVR A4 [IVR A Four]	Rating reaffirmed
3	<u>Short Term Non-Fund based facilities</u> Bank Guarantee & Letter of Credit	43.06 (Reduced from 58.92)	IVR A4 [IVR A Four]	Rating reaffirmed
	Total	69.27		

Details of facilities are in Annexure 1

Detailed Rationale

The revision in the rating reflects decline in operating profitability & weak debt coverage indicators during FY21 (Provisional).

The rating assigned to the bank facilities of Supermax Personal Care Private Limited (SPCPL) continues to derive strength from established brand and experienced management. The rating is however constrained by declining operating income alongwith decline in profitability, stretched & long overdue receivables, competition and litigation matters against the Company.

Key Rating Sensitivities:

Upward Factors:

- Substantial & sustained improvement in the revenue & EBITDA margin while improving the debt protection metrics.



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Downward Factors:

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

List of Key Rating Drivers with Detailed Description

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.

Key Rating Weaknesses

Declining operating income alongwith decline in profitability

Over a period of last 4 years, the Company's total income from operations shows a declining trend with revenue of INR 623 Crore in FY18, INR 620 Crore in FY19, INR 548 Crore in FY20 (recording a fall of 12%). However, it reduced to INR 438 Crore in FY21 (Provisional) (fall of 20%). The EBITDA margin was 7.40%, 6.56%, 1.69% in FY18, FY19 & FY20 respectively. The EBITDA margin was negative in FY21. The fall in margin in FY20 & FY21 is attributable to an increase in employee cost & raw material prices. The dent in revenue & EBITDA is also attributed to the impact of Covid-19 pandemic & subsequent nation-wide lockdown towards the end of FY20 & FY21. Being an FMCG Company, it books



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considerable amount of revenue in the second half of March. The Company has reported net losses of INR 23.75 Crore in FY20 & INR 71.01 Crore in FY21.

Stretched & long overdue receivables

The Average Collection period has increased to 353 days as at FY21 (Provisional) from 294 days as at FY20. Majority of these receivables continue from its group companies and are more than a year period. Resultantly, even Creditor days are stretched.

Trade Receivables as at 31-Mar-2020 includes receivables outstanding for a period of more than one year pending realization till date from related parties viz. INR 163.05 Crore (INR 174.73 Crore as at 31-Mar-2019) from Wesley International Limited (Wesley) and INR 29.51 Crore (INR 19.49 Crore) from some other Supermax group companies. The Management is in the process of discussing a repayment schedule with Wesley & other Super-Max group companies to recover long outstanding overdue receivables. The Company is confident of recovering these receivables and thus has not recorded any provision for doubtful receivables.

Competition

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

Litigations against the Company

There are few litigation matters going on against the Company. The Company has obtained legal advice in these matters. The Management strongly believes that it has a very strong case. The Provision includes provision for litigation & claims of INR 28.35 Crore as at FY19 & INR 17.20 Crore as at FY20.

Analytical Approach: Standalone

Applicable Criteria:

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



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Liquidity: Stretched

The Company's liquidity remains stretched marked by elevated gross cash conversion cycle, high utilisation of working capital limits during the last twelve months ended Sep-2021 coupled with negative GCA in FY21 (Provisional).

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	
	31-03-2020 (Audited)	31-03-2021 (Provisional)
Total Operating Income	547.88	438.39
EBITDA	9.27	-33.02
PAT	-23.75	-71.01
Total Debt	142.80	132.83
Tangible Net Worth	140.75	69.73
EBITDA margin (%)	1.69	-7.53
PAT margin (%)	-4.16	-16.09
Overall Gearing Ratio (x)	1.01	1.90

* Classification as per Infomerics' standards



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Details of Non Co-operation with any other CRA: Brickwork Ratings has continued to place the rating of Supermax Personal Care Private Limited into the Issuer Non Co-operating category as per the Press Release dated January 27, 2021.

Any other information: N.A.

Rating History for last three years:

Name of Instrument/ Facility	Current Rating (Year: 2021-22)			Rating History for the past 3 years		
	Type	Amount (INR Crore)	Rating	Rating assigned in 2020-21 (16-Jul-20)	Rating assigned in 2019-20	Rating assigned in 2018-19
Cash Credit	Long Term	2.25 (Reduced from 4.00)	IVR B+/ Stable	IVR BB-/ Stable	--	--
FDBP (Foreign Documentary Bill Purchased)	Short Term	23.96 (Reduced from 32.50)	IVR A4	IVR A4	--	--
Bank Guarantee/ Letter of Credit	Short Term	43.06 (Reduced from 58.92)	IVR A4	IVR A4	--	--

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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	<u>Long Term Fund based facilities</u> Cash Credit	--	--	--	2.25	IVR B+/ Stable
2	<u>Short Term Fund based facilities</u> FDBP	--	--	--	23.96	IVR A4
3	<u>Short Term Non-Fund based facilities</u> Bank Guarantee & Letter of Credit	--	--	--	43.06	IVR A4
	Total				69.27	



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Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Supermax-lenders-27sep21.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable.

Annexure 5: Complexity level of the rated Instruments/Facilities

Sr. No.	Instrument	Complexity Indicator
1	Cash Credit	Simple
2	FDBP	Simple
3	Bank Guarantee	Simple
4	Letter of Credit	Simple

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.