

February 26, 2021

Flemingo Dutyfree Shop Private Limited: Rating downgraded based on best available information, and withdrawn

Summary of rating action

Instrument [#]	Previous Rated Amount (Rs crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term – Fund Based Term Loans	42.0	42.0	Long term rating of [ICRA]BBB- (Negative) ISSUER NOT COOPERATING *, downgraded to [ICRA]BB (Negative) ISSUER NOT COOPERATING *, and Withdrawn
Long-term/Short-term Non-fund Based Limits	110.0	110.0	Long term rating of [ICRA]BBB- (Negative) ISSUER NOT COOPERATING *, downgraded to [ICRA]BB (Negative) ISSUER NOT COOPERATING *, and Withdrawn. Short term rating of [ICRA]A3 ISSUER NOT COOPERATING *, downgraded to [ICRA]A4 ISSUER NOT COOPERATING *, and Withdrawn
Long-term Interchangeable [^]	(14.0)	(14.0)	Long term rating of [ICRA]BBB- (Negative) ISSUER NOT COOPERATING *, downgraded to [ICRA]BB (Negative) ISSUER NOT COOPERATING *, and Withdrawn
Long-term Unallocated Limits	58.0	58.0	Long term rating of [ICRA]BBB- (Negative) ISSUER NOT COOPERATING *, downgraded to [ICRA]BB (Negative) ISSUER NOT COOPERATING *, and Withdrawn
Total	210.00	210.00	

[^]sublimit of long term/short term non-fund based limits

*Issuer did not cooperate; based on best available information

[#]Instrument details are provided in Annexure-1

Rationale

The rating downgrade is because of lack of adequate information regarding Flemingo Dutyfree Shop Private Limited (FDSPL) performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its “Policy in respect of non-cooperation by the rated entity”. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with FDSPL, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity’s management has remained non-cooperative. In the absence of requisite information and in line with SEBI’s Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA’s Rating Committee has taken a rating view based on the best available information.

The ratings assigned to Flemingo Dutyfree Shop Private Limited has also been withdrawn at the request of the company and based on the no objection certificate received from the banker, and in accordance with ICRA’s policy on withdrawal and suspension.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities; [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Entities in the Retail Industry Policy in respect to non-cooperation by a rated entity Policy on withdrawal of Credit Rating
Parent/Group Support	Not Applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of FDSPL. As on March 31, 2019, the company had 55 subsidiaries and one associate, which are all listed in Annexure-2.

About the company

Flemingo Dutyfree Shop Private Limited ('FDSPL') is a duty-free retailer that operates duty-free shops in ten international airports operated by Airports Authority of India (AAI), as a part of its standalone business. These airports are Chennai, Trichy, Calicut, Mangalore, Goa, Kolkata, Lucknow, Amritsar, Chandigarh and Ahmedabad. The company also operates duty-free shops in the four seaports of Mumbai, Mundra, Paradip and Mangalore, and two Borders i.e – Attari and Agartala for which it has non-exclusive, but long-term licences. Overall, through its standalone operations and wholly-owned subsidiary, Flemingo (DFS) Private Limited, FDSPL operates duty-free shops in 11 international airports (includes Jaipur), six seaports (includes Goa & Haldia) and two border post in India. FDSPL's consolidated operations (through its subsidiaries and step-down subsidiaries) cover duty-free retailing and distribution businesses in India, Sri Lanka, Dubai, Turkey and the African continent. The Group, through its holding company, Flemingo International (BVI) Limited, holds a 79.99% equity stake in FDSPL with the remaining stake being held by Mr. Viren Ahuja and others.

Key financial indicators

Flemingo Dutyfree Shop Private Limited	Standalone		Consolidated*	
	FY2019	FY2020	FY2019	FY2020
Operating Income (Rs. crore)	529.2	494.6	1660.5	1619.3
PAT (Rs. crore)	42.8	12.2	62.6	-113.1
OPBDIT/OI (%)	14.5%	34.8%	10.8%	22.5%
RoCE (%)	22.6%	15.5%	23.2%	-1.9%
Total Outside Liabilities/Tangible Net Worth (times)	1.0	1.8	3.1	4.4
Total Debt/OPBDIT (times)	1.0	0.3	1.9	0.6
Interest Coverage (times)	3.0	2.9	3.9	3.7
DSCR (times)	2.1	2.6	2.0	2.0

*Provisional

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net Worth + Deferred Tax Liability - Capital Work in Progress); DSCR: (PBIT + Mat Credit Entitlements - Fair Value Gains through P&L - Non-cash Extraordinary Gain/Loss)/(Interest + Repayments made during the Year)

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Type	Current Rating (FY2021)		Date & Rating	Date & Rating	Date & Rating	Chronology of Rating History for the past 3 years				
			Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)				Date & Rating in FY2020		Date & Rating in FY2019	Date & Rating in FY2018	
					26-Feb-21	15-Jan-21	07-Jan-21	30-Mar-20	20-Dec-19	28-Sep-18	26-Feb-18	17-Jul-17
1	Term Loan	Long term	42.0	39.6	[ICRA]BB (Negative); ISSUER NOT COOPERATING, Withdrawn	[ICRA]BBB- (Negative); ISSUER NOT COOPERATING	[ICRA]BBB- (Negative)	[ICRA]BBB- (Negative)	[ICRA]BBB+; &	[ICRA]A-; &	[ICRA]A-; &	[ICRA]A- (Stable)
2	Fund Based Limits	Long term	-	-	-	-	-	-	-	[ICRA]A-; &	[ICRA]A-; &	[ICRA]A- (Stable)
3	Fund Based /Non-fund Based Limits	Short term	-	-	-	-	-	-	-	[ICRA]A2+; &	[ICRA]A2+; &	[ICRA]A2+
4	Non-fund Based Limits	Long term /Short term,	110.0	-	[ICRA]BB (Negative)/ [ICRA]A4; ISSUER NOT COOPERATING, Withdrawn	[ICRA]BBB- (Negative)/ [ICRA]A3; ISSUER NOT COOPERATING	[ICRA]BBB- (Negative)/ [ICRA]A3	[ICRA]BBB- (Negative)/ [ICRA]A3	[ICRA]BBB+ / [ICRA]A2; &	[ICRA]A- / [ICRA]A2+; &	[ICRA]A- / [ICRA]A2+; &	[ICRA]A- (Stable)/ [ICRA]A2+
5	Sub-limits, Fund Based Limits	Long term	(14.0)	-	[ICRA]BB (Negative); ISSUER NOT COOPERATING, Withdrawn	[ICRA]BBB- (Negative) ISSUER NOT COOPERATING	[ICRA]BBB- (Negative)	[ICRA]BBB- (Negative)	[ICRA]BBB+; &	[ICRA]A-; &	[ICRA]A-; &	[ICRA]A- (Stable)
6	Unallocated limits	Long-term	58.0	-	[ICRA]BB (Negative); ISSUER NOT COOPERATING, Withdrawn	[ICRA]BBB- (Negative) ISSUER NOT COOPERATING	[ICRA]BBB- (Negative)	[ICRA]BBB- (Negative)	[ICRA]BBB+; &	[ICRA]A-; &	[ICRA]A-; &	[ICRA]A- (Stable)

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [click here](#)

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Term Loans	FY2016	-	FY2023	42.0	'[ICRA]BB (Negative) ISSUER NOT COOPERATING; Withdrawn.
NA	Non-Fund Based Limits- Bank Guarantee/Letter of Credit	-	-	-	110.0	'[ICRA]BB (Negative) / [ICRA]A4 ISSUER NOT COOPERATING; Withdrawn.
NA	Long-term unallocated limits	-	-	-	58.0	'[ICRA]BB (Negative) ISSUER NOT COOPERATING; Withdrawn.
NA	Sub-limits, Long-term, Fund Based	-	-	-	(14.0)	'[ICRA]BB (Negative) ISSUER NOT COOPERATING; Withdrawn.

Source: Flemingo Dutyfree Shop Private Limited

Annexure-2: List of entities considered for consolidated analysis

Flemingo Dutyfree Shop Private Limited – Rationale dated March 30, 2020

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Branches



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