

BMI Wholesale Trading Private Limited

January 22, 2021

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	11.34 (Reduced from 16.81)	CARE D (Single D)	Revised from CARE B+; Stable (Single B Plus; Outlook: Stable)
Short Term Bank Facilities	3.00 (Reduced from 4.00)	CARE D (Single D)	Revised from CARE A4 (A Four)
Long Term Bank Facilities	0.00		Withdrawn
Total Facilities	14.34 (Rs. Fourteen Crore and Thirty-Four Lakhs Only)		

Details of instruments/facilities in Annexure I

Detailed Rationale & Key Rating Drivers

Revision in the ratings assigned to the bank facilities of BMI Wholesale Trading Private Limited (BMI) factor in continuous overdrawn in the cash credit account since October 27, 2020 and delays in bill discounting facility.

The aforesaid constraints, however, continue to be partially offset by the strength derived from established track record of the promoter in the marketing of premium brands in apparels though the licensing arrangement and established brand presence with wide geographical reach.

Rating sensitivities

Positive Factors

- Timely servicing of debt obligations

Detailed description of the key rating drivers

Key Rating Weaknesses

Delays in debt servicing: As per banker interaction and bank statements shared by BMI, there has been continuous overdrawn in the cash account since past six months due to weak liquidity position. Further as informed by the banker there are delays in bill discounting facility as well.

Weak Liquidity position: The liquidity position remained weak marked by low accruals to repay its debt obligations. Further, free cash and bank balance remained low at Rs.0.35 crore as on March 31, 2020 (vis-à-vis Rs. 0.15 crore as on March 31, 2019). The current ratio of 0.94x as on March 31, 2020 (A) vis-à-vis 1.01x as on March 31, 2019. The company had availed moratorium provided by RBI under COVID-19 pandemic situation.

Key Rating Strengths

Established track record of the promoter in the marketing of premium brands in apparels though the licensing arrangement: Company is promoted by Prestige Brands Limited and has a legacy of more than 45 years in the development and marketing of designer lifestyle products. The operations of BMI are managed by Mr. Vijay Murjani having an experience of more than a decade in the marketing, merchandising and retail development related to premium brands. Further the promoters are resourceful and have been supporting the operations by regular infusion of funds.

Established brand presence with wide geographical reach: Currently the company has changed its business model from franchisee business to wholesale distribution of products through its 16 distributors who distribute to more than 120 multi brand outlets in India, e-commerce giants namely Myntra, Flipkart, Amazon and Ajio and one shop in shop partner i.e. "Shoppers Stop". However as per the old business Model Company still has 15 exclusive "French Connection" stores.

Analytical approach: Standalone

Applicable Criteria

CARE's Policy on Default Recognition

Criteria on assigning outlook and credit watch to Credit Ratings

Rating Methodology - Wholesale Trading

CARE's Methodology for Short-term Instruments

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

Financial ratios (Non-Financial Sector)**Policy on Withdrawal of ratings****About the Company**

Incorporated in 2006, BMI Wholesale Trading Private Limited [BMI, formerly known as MK Retail Private Limited] is promoted by Prestige Brands Limited (a company wholly owned by New York based Murjani Group). BMI is engaged in wholesale trading and marketing of licensed products such as apparels and innerwear under the brand 'French Connection' in the Indian Territory wherein BMI has the exclusive long term rights for "French Connection.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (Prov.)
Total operating income	57.80	42.20
PBILDT	8.67	2.01
PAT	-1.38	-4.43
Overall gearing (times)	61.93	4.76
Interest coverage (times)	217.73	0.30

A: Audited, Prov.: Provisional

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not applicable

Rating History (Last three years): Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	11.34	CARE D
Fund-based - ST-Bills discounting/ Bills purchasing	-	-	-	3.00	CARE D
Fund-based - LT-Cash Credit	-	-	-	0.00	Withdrawn

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	11.34	CARE D	-	1)CARE B+; Stable (23-Jan-20)	1)CARE B+; Stable (30-Jan-19)	1)CARE B+; Stable (16-Mar-18) 2)CARE BB+; Stable (12-Apr-17)
2.	Fund-based - ST-Bills discounting/ Bills purchasing	ST	3.00	CARE D	-	1)CARE A4 (23-Jan-20)	1)CARE A4 (30-Jan-19)	1)CARE A4 (16-Mar-18) 2)CARE A4+ (12-Apr-17)
3.	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE B+; Stable (23-Jan-20)	1)CARE B+; Stable (30-Jan-19)	-

Annexure 3: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - ST-Bills discounting/ Bills purchasing	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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