February 04, 2022

Monte Carlo Fashions Limited: Ratings Withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Cash Credit	125.00	125.00	[ICRA]AA- (Stable); Withdrawn
Long-term Fund-Based – Term Loan	20.34	20.34	[ICRA]AA- (Stable); Withdrawn
Long-term Unallocated	24.66	24.66	[ICRA]AA- (Stable); Withdrawn
Short-term Non-fund based (Letter of Credit)	30.00	30.00	[ICRA]A1+; Withdrawn
Long-term/ Short-term Interchangeable (Bank Guarantee)	(10.00)	(10.00)	[ICRA]AA- (Stable)/ [ICRA]A1+; Withdrawn
Commercial Paper	100.00	100.00	[ICRA]A1+; Withdrawn
Total	**300.00**	**300.00**	

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities and commercial paper (CP) programme of **Monte Carlo Fashions Limited** based on the company's request, No Objection Certificate received from its bankers and confirmation received from its Issuing and Paying Agent (IPA), in accordance with ICRA's policy on withdrawal and suspension. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed. The Key Rating Drivers, Liquidity Position, Rating Sensitivities, have not been captured as the related instruments are being withdrawn. The previous detailed rating rationale is available at the following link: **Click here**

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA Policy on Withdrawal and Suspension of Credit Ratings Corporate Credit Rating Methodology Rating Methodology for Entities in Textile Industry- Apparels
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

MCFL is a Ludhiana-based manufacturer and retailer of apparels. The company retails its products under the 'Monte Carlo' brand, which is an established brand in the domestic apparel market, particularly in the winter-wear segment. MCFL had an established multi-channel distribution network of 298 EBOs, 1,777 MBOs and 622 NCSs as on March 31, 2021, across more than 700 cities in the country.

MCFL is a part of the Ludhiana-based Nahar Group, which is one of the largest and oldest textile groups in the country with vertically integrated operations from spinning and garmenting to retailing. Other major Group companies include Oswal Woollen Mills Ltd., Nahar Industrial Enterprises Ltd. and Nahar Spinning Mills Ltd.

MCFL was incorporated in July 2008 as a wholly owned subsidiary of Oswal Woollen Mills Limited (OWML). Pursuant to the scheme of arrangement and demerger with OWML, the apparel business of OWML, comprising manufacturing facilities, sales distribution network and ownership of the 'Monte Carlo' brand, were transferred to MCFL with effect from April 1, 2011. Thereafter, MCFL ceased to be a subsidiary of OWML. The 'Monte Carlo' brand was originally launched by OWML in 1984 as an exclusive woollen brand. Over the years, the product portfolio of the brand was diversified to include summer-wear as well. Further, the company has expanded its portfolio by launching brands such as Denim, Alpha, Rock-it, and Cloak & Decker.

Key financial indicators (audited)

	FY2020	FY 2021	H1 FY2022*
Operating Income (Rs. crore)	725.6	622.0	280.0
PAT (Rs. crore)	62.7	66.3	23.7
OPBDIT/OI (%)	17.1%	18.6%	15.7%
RoCE (%)	17.2%	14.7%	10.0%
Total Outside Liabilities/Tangible Net Worth (times)	0.7	0.5	1.0
Total Debt/OPBDIT (times)	0.9	1.0	2.9
Interest Coverage (times)	7.3	8.6	6.1
DSCR (times)	5.3	3.8	2.9

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation
** Unaudited*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current Rating (FY2022)					Rating History for the Past 3 Years			
					Date & Rating		FY2021	FY2020	FY2019	
	Instrument	Type	Amount Rated (Rs. Cr.)	Amount Outstanding as of Mar 31, 2021 (Rs. Cr.)	Feb 04, 2022	Aug 20, 2021	Aug 21, 2020	Sep 23, 2019	Nov 12, 2018	May 17, 2018
1	Cash Credit	Long Term	125.00	-	[ICRA]AA- (Stable); Withdrawn	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)
2	Term Loan	Long-Term	20.34	16.3	[ICRA]AA- (Stable); Withdrawn	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)
3	Unallocated	Long-Term	24.66	-	[ICRA]AA- (Stable); Withdrawn	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)
4	Letter of Credit	Short term	30.00	-	[ICRA]A1+; Withdrawn	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
5	Bank Guarantee^	Long term/ Short term	(10.00)	-	[ICRA]AA- (Stable)/ [ICRA]A1+; Withdrawn	[ICRA]AA- (Stable)/ [ICRA]A1+	[ICRA]AA- (Stable)/ [ICRA]A1+	[ICRA]AA- (Stable)/ [ICRA]A1+	[ICRA]AA- (Stable)/ [ICRA]A1+	[ICRA]AA- (Stable)/ [ICRA]A1+
6	Commercial Paper	Short term	100.00	25.00*	[ICRA]A1+; Withdrawn	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

7	Overdraft	Short term	-	-	-	-	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

*^sub-limit of letter of credit; *as on August 16, 2021*

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term Fund-based – Cash Credit	Simple
Long-term Fund-Based – Term Loan	Simple
Long-term Unallocated	Not applicable
Short-term Non-fund based (Letter of Credit)	Very Simple
Long-term/ Short-term Interchangeable (Bank Guarantee)	Very Simple
Commercial Paper	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA’s website: www.icra.in

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	Cash Credit	NA	NA	NA	125.00	[ICRA]AA- (Stable); Withdrawn
NA	Term Loan	FY2015	NA	FY2026	20.34	[ICRA]AA- (Stable); Withdrawn
NA	Unallocated	NA	NA	NA	24.66	[ICRA]AA- (Stable); Withdrawn
NA	Letter of Credit	NA	NA	NA	30.00	[ICRA]A1+; Withdrawn
NA	Bank Guarantee	NA	NA	NA	(10.00)	[ICRA]AA- (Stable)/ [ICRA]A1+; Withdrawn
INE950M 14289	Commercial Paper	NA	NA	NA	100.00	[ICRA]A1+; Withdrawn

Source: Company; ^sub-limit of letter of credit

Annexure-2: List of entities considered for consolidated analysis

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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