CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF
CREATIVE TEXTILE MILLS PVT LTD (ERSTWHILE CREATIVE PORTICO (INDIA)
PVT LTD)

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Amount (Rs. crore)</th>
<th>Ratings¹</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term Bank Facilities –</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-fund Based</td>
<td>23.12 (22.50)</td>
<td>CARE A3+</td>
<td>Reaffirmed</td>
</tr>
<tr>
<td>Long/Short-term Bank Facilities –</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund-based</td>
<td>111.50 (86.00)</td>
<td>CARE BBB [Triple B] / CARE A3+ [A Three Plus]</td>
<td>Reaffirmed</td>
</tr>
<tr>
<td>Total facilities</td>
<td>134.62 (108.50)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figures in brackets indicate previous rated facilities

While assessing the risk profile of the company, CARE has considered a combined view of Creative Textile Mills Pvt Ltd, Creative Garments Pvt Ltd, Creative Portico Pvt Ltd and Sonal Apparels Pvt Ltd on account of operational and financials linkages. These entities have been collectively referred to as the Creative group.

Rating Rationale

The reaffirmation of the ratings assigned to the bank facilities of Creative Textile Mills Pvt Ltd (CTMPL) continue to derive strength from the experience of the promoters in the textile industry, partly-integrated operations of the Creative group, well-established brand ‘Portico’ in the home textiles segment and moderate capital structure.

The ratings, however, continue to be constrained by the thin profitability margins and elongated working capital cycle. Furthermore, the ratings are also constrained by exposure to fluctuation in the prices of raw materials and risk of foreign exchange movement imparting volatility to the profitability and intense competition in the sector.

The ability of the group to improve its scale of operations and profitability margins remains the key rating sensitivity.

Background

Creative group of companies, set up by Mr Vijay Agarwal, is mainly engaged in manufacturing and exports of textiles and garments. Creative Textile Mills Pvt Ltd (CTMPL) was incorporated in July 1996 and is engaged in the manufacturing and export of ready-made garments. CGPL has its manufacturing plant located at Daman. There has been a composite scheme of arrangement wherein certain existing divisions have been merged and demerged amongst the Creative group of companies with effect from April 1, 2012. Post the composite scheme, the Creative group comprises of Creative Textile Mills Pvt Ltd, Creative Garments Pvt Ltd (CGPL, rated CARE BBB/A3+; engaged in manufacturing of readymade garments), Creative Portico Pvt Ltd (CPPL, rated CARE BBB/A3+; engaged in manufacturing of home textiles & fabrics) and Sonal Apparels Pvt Ltd (SAPL, rated CARE BBB-/A3; engaged in manufacturing of readymade garments).

During FY13 (refers to the period April 01 to March 31), CTMPL reported net sales of Rs.178.52 crore and a PAT of Rs.2.10 crore vis-à-vis FY12, wherein it reported net sales of Rs.166 crore and PAT of Rs.2.20 crore.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications
Further during 9MFY14 (provisional), CTMPL reported an operating income of Rs.236.16 crore and a PBT of Rs.3.49 crore.

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