

Carnation Creations Private Limited

February 03, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	10.50	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable; (Single B; Outlook: Stable)
Short Term Bank Facilities	6.00	CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	16.50 (Rs. Sixteen Crore and Fifty Lakhs Only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated January 29, 2021, placed the rating(s) of Carnation Creations Private Limited (CCPL) under the 'issuer non-cooperating' category as CCPL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. CCPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated December 15, 2021, December 25, 2021 and January 04, 2022.

In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of CCPL have been revised on account of non-availability of requisite information. The rating also factored in significant decline in scale of operations, thin profitability, leveraged capital structure and debt coverage indicators during FY21 over FY20.

Detailed description of the key rating drivers

Please refer to PR dated [January 29, 2021](#)

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Criteria on assigning outlook and credit watch](#)

About the Company

Carnation Creations Private Limited (CCPL) was incorporated on August 08, 2017 as a Private Limited Company by Mr. Akhilesh Anand and Mr. P.V. Vaidyanathan in Coimbatore, Tamil Nadu. The commercial operation of company was started from November 2017. CCPL is engaged in manufacturing and exporting of garments. The company has four factories to sew the knitted fabric into garments. The factory has an installed capacity to manufacture 5,00,000 units per month as on March 27, 2019. The company exports to companies located in Hong Kong and UAE. The company has procured several international licenses and certifications from renowned organisations, like Supima Cotton License, USA, Gold Certificate from WRAP (Worldwide Responsible Accredited Production), CCPL is authorized to produce garments for the Champion Brand, USA, CCPL is a member of the CII (Confederation of Indian Industry), Cotton USA Certification and Fastest Growing Company of India from International Achiever's Conference held on December 22, 2018.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (Prov.)
Total operating income	56.45	46.49	NA
PBILDT	3.89	3.44	NA
PAT	0.01	0.03	NA
Overall gearing (times)	50.29	38.52	NA
Interest coverage (times)	1.53	1.31	NA

NA: Not available; A: Audited; Prov.: Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument/facility: Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	8.75	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	December 2023	1.75	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Bill Discounting/ Bills Purchasing		-	-	-	6.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information

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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Bank Overdraft	LT	8.75	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (29-Jan-21)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (31-Mar-20) 2)CARE B+; Stable (04-Jul-19)	-
2	Fund-based - LT-Term Loan	LT	1.75	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (29-Jan-21)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (31-Mar-20) 2)CARE B+; Stable (04-Jul-19)	-
3	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	6.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (29-Jan-21)	1)CARE A4; ISSUER NOT COOPERATING* (31-Mar-20) 2)CARE A4 (04-Jul-19)	-

*Issuer did not cooperate; based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media Contact

Name: Mr. Mradul Mishra

Contact no.: +91-22-6837 4424

Email ID: mradul.mishra@careedge.in

Analyst Contact

Name: Mrs. Shachee Vyas

Contact no.: 079-40265665

Email ID: shachee.tripathi@careedge.in

Relationship Contact

Mr. Pradeep Kumar

Contact No.: 044-2849 0876

Email ID – pradeep.kumar@careedge.in

About CARE Ratings:

Established in 1993, CARE Ratings Ltd is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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