

Can Fashion Private Limited

January 30, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	20.89 (Reduced from 28.25)	CARE BB-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	6.75	CARE BB-; Stable / CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the ratings assigned to the bank facilities of CFPL (Can Fashion Private Limited) factors in small scale of operations, and foreign exchange fluctuation risk. The ratings, further, remain constrained on account of highly fragmented and competitive nature of the industry. However, the ratings continue to derive strength from the comfortable operating cycle, satisfactory financial risk profile and experienced promoters.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in scale of operations of the company with growth in operation income to more than Rs 75.00 crores with improvement in PBILDT margin above 7.00% on a sustained basis.

Negative factors

- Decline in scale of operations with TOI below Rs. 50 crores and deterioration in PBILDT margin below 4.50% on sustained basis
- Any significant deterioration in the debt protection indicators of the company as marked by interest coverage ratio below 1.50x on sustained basis.

Analytical approach: Standalone

Outlook: Stable

The Stable outlook reflects that the company will continue to benefit from long-standing experience of the promoters in the industry.

Detailed description of key rating drivers:

Key weaknesses

Small scale of operations

CFPL's scale of operations remained modest in FY25 (refers to the period from April 01, 2024, to March 31, 2025), with the company registering a total operating income of ₹72.61 crore and gross cash accruals of ₹6.05 crore, as against ₹72.87 crore and ₹5.43 crore, respectively, in FY24. The TOI for FY25 also includes ₹1.92 crore of export incentives received under the RoDTEP (Remission of Duties and Taxes on Exported Products) scheme compared with ₹2.97 crore in the previous year. The profitability margins of the company stood moderate for the past five fiscal years ending FY25. The PBILDT improved to 12.33% in FY25 as against 9.81% in FY24 owing to higher sales realization which consequently led to improvement in PAT margin of the company to 5.49% in FY25 (PY: 5.19%).

Foreign exchange fluctuation risk

The company is dependent upon exports and its export contribution to total operating income stood at around ~97% in FY25 (99% in FY24). With initial outlay in domestic currency and inflows in foreign currency, the company is exposed to volatility in foreign exchange rates. The raw materials are procured primarily from domestic market though 10-20% of the total raw materials requirement are met through imports. However, given that exports constitute a major component of sales, a depreciating rupee

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

generally benefits the company by enhancing realizations on export revenues. This is reflected in the foreign exchange gain of ₹0.43 crore earned in FY25 as against loss of ₹0.20 crore in FY24. Earnings are also susceptible to strict regulatory policies relating to tariff barriers (custom duty), non-tariffs barriers (restriction on the quality of imports), anti-dumping duties, international freight rates and port charges.

Highly fragmented and competitive nature of industry

The company operates in a textile manufacturing and processing industry which is highly fragmented industry with the presence of numerous independent small-scale enterprises leading to a high level of competition in the processing segment. The industry is characterized by low entry barriers due to low technological inputs and easy availability of standardized machinery for production. This further leads to high competition among the various players and low bargaining power with suppliers. Further, the low lead time for setting up a new plant and the lack of product differentiation reduce the entry barriers for the new entrants resulting in overcapacity in the industry.

Key strengths

Comfortable operating cycle

The operating cycle of the company stood comfortable at 36 days in FY25 as against 27 days in FY24. The moderation is on account of elongation in average inventory period. The company needs to stock an adequate quantity of raw materials due to manufacturing of wide range of apparels, leading to average inventory holding period of 44 days in FY24. Being in a highly competitive industry, the average collection period remains high at around 2-3 month leading to average collection period of 69 days in FY25. The company purchases raw materials from domestic market resulting in average creditors' period of 78 days in FY25.

Satisfactory financial risk profile

The capital structure of the company stood comfortable marked by overall gearing of 0.63x as on March 31, 2025, as against 0.81x as on March 31, 2024. Furthermore, on account of limited debt levels and improved profitability levels, the debt coverage indicators of the company stood comfortable as marked by interest coverage ratio and total debt to gross cash accrual stood moderate at 5.96x and 2.82x respectively in FY25 as against 5.87x and 3.45x respectively in FY24.

Experienced promoters

CFPL is a family run business and incorporated in 2011 by Vijay Bhatt and his wife Narvada Bhatt. Saurav Bhatt, Vijay Bhatt and Narvada Bhatt are presently, the directors of the company and they collectively look after the overall operations of the company. Vijay Bhatt is an ayurvedic doctor and have an experience of around two decades in the industry through association with this company and other associate entities. Saurav Bhatt is designer and looks after the operations of the company. Narvada Bhatt also looks after day-to-day operations of the company. The company is having a considerable track record in this business which has resulted in long term relationships with both suppliers and customers.

Liquidity: Stretched

The liquidity is stretched on account of high working capital utilization of more than 90% for 12-month period ending December 31, 2025. The company has earned gross cash accruals of Rs 6.05 crore in FY25 and is expected to generate gross cash accruals of Rs 7.26 crores in FY26 against gross loan repayment of Rs 1.47 crore. The company had free cash and bank balance of Rs 1.20 crore as on March 31, 2025. The current ratio and quick ratio stood at 1.01x and 0.67x respectively as on March 31, 2025. CFPL is not planning to incur any major capex in the near to medium term.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Cotton Textile](#)

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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Garments & Apparels

Started in the year of 2011, CFPL is a leading organization of this domain dedicatedly engaged in Manufacturing and Exporting optimum grade of Ladies Garments and Kids Garments. They mainly export in countries like France, Belgium, German etc. Apart from this, they provide Sublimation Printing Service and Digital Printing Service to clients. Currently it is managed by three directors Saurav Bhatt who is a designer by profession, Narvada Bhatt and Vijay Ballabh Bhatt who was a doctor by profession. All three directors look after overall operations of the company. The company have currently 3 manufacturing facilities and 650 stitching machines with capacity of manufacturing 450000 pieces per year.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Prov.)	9MFY26 (UA)
Total operating income	72.87	72.61	55.00
PBILDT*	7.15	8.96	NA
Profit after tax (PAT)	3.78	3.98	NA
Overall gearing (x)	0.81	0.63	NA
Interest coverage (x)	5.87	5.96	NA

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	September, 2031	8.89	CARE BB-; Stable
Fund-based - LT-Working Capital Limits		-	-	-	12.00	CARE BB-; Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	6.75	CARE BB-; Stable / CARE A4

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Working Capital Limits	LT	12.00	CARE BB-; Stable	1)CARE BB-; Stable (07-Apr-25)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (26-Dec-24)	1)CARE B+; Stable (18-Jan-24)	-
2	Fund-based - LT-Term Loan	LT	8.89	CARE BB-; Stable	1)CARE BB-; Stable (07-Apr-25)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (26-Dec-24)	1)CARE B+; Stable (18-Jan-24)	-
3	Fund-based/Non-fund-based-LT/ST	LT/ST	6.75	CARE BB-; Stable / CARE A4	1)CARE BB-; Stable / CARE A4 (07-Apr-25)	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (26-Dec-24)	1)CARE B+; Stable / CARE A4 (18-Jan-24)	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Fund-based/non-fund-based-LT/ST	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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