

Creative Garments

February 23, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	15.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	LT rating downgraded from CARE BB-; Stable and ST rating reaffirmed and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Creative Garments (CG) to monitor the rating vide e-mail communications dated August 18, 2025, August 28, 2025, September 08, 2025, September 24, 2025, October 13, 2025, October 31, 2025, November 14, 2025, November 17, 2025, December 09, 2025, January 20, 2026, January 24, 2026, January 28, 2026, February 03, 2026 and February 12, 2026 among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. The ratings on CG's bank facilities will now be denoted as '**CARE B+; Stable; ISSUER NOT COOPERATING/ CARE A4; ISSUER NOT COOPERATING**'.

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 Creative Garments (CG) have been revised on account of non-availability of requisite information. Further, the ratings continue to be constrained by the small scale of operations, moderate profitability margins, moderate capital structure and debt coverage indicators and working capital cycle intensive nature of operations. The ratings are further constrained on account of foreign exchange fluctuation risk, constitution of the entity as a partnership firm and presence in the competitive and fragmented industry. The ratings, however, continue to derive strength from long and established track record of operation and experienced and resourceful partners.

Analytical Approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on February 06, 2025 the following were the rating strengths and weaknesses.

Key weaknesses

Small scale of operations

Despite having a long track record, CG's scale of operations remains relatively small, with a decline of 10.38% in total operating income (TOI) to ₹40.21 crore in FY24 (refers to period April 1 to March 31), compared to ₹44.87 crore in FY23. This decline was primarily attributed to lower domestic sales, which dropped from ₹15.39 crore in FY23 to ₹7.07 crore in FY24. Furthermore, the firm has already achieved ₹24.54 crore sales during H1FY25 (April 1 to September 30).

Moderate profitability

CG's profitability, though improved, remained moderate and rangebound. PBILDT margin improved by 238 basis points to 8.34% in FY24 from 5.96% in FY23 led by higher proportion of export sales. PAT margin increased to 17.03% in FY24 which included non-operating income of Rs.7.69 crore from the sale of assets from 7.57% in FY23.

Working capital intensive nature of operations

CG's operations continued to remain working capital intensive. Operating cycle deteriorated to 149 days in FY24 compared to 112 days in FY23 due to deterioration in collection period and inventory period. Inventory days remained stretched as CG has to keep inventory of raw material to cater orders in timely manner and stood at 130 days in FY24 (100 days in FY23).

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

Foreign exchange fluctuation risk

Profitability of CG is also exposed to fluctuations in foreign currency, as the firm earns large portion (~80% in FY24, ~60% in FY23) of revenue from exports. However, the firm takes forward cover to hedge the foreign currency fluctuations. CG reported Rs.0.66 crore in foreign exchange gain in FY24 (vis-à-vis gain of Rs.0.44 crore in FY23).

Moderate capital structure and debt coverage indicators

CG's capital structure though improved, remained moderate marked by overall gearing of 1.20x as on March 31, 2024, compared to 1.84x as on March 31, 2023, with improvement in firm's net worth to Rs.12.64 crore in FY24, from Rs.7.77 crore in the preceding year. Debt coverage indicators of the company also remained moderate marked by TDGCA 1.92x (PY: 3.41x) as on March 31, 2024. Interest coverage indicator (PBILDT/Interest) remained moderate at 2.25x as on March 31, 2024 (PY: 1.84x).

Partnership constitution of firm

As a partnership firm, CG faces the inherent risk of capital withdrawal by partners during personal contingencies. During FY24, the partners withdrew Rs. 1.98 crore (Rs.9.38 crore in FY23). Additionally, the firm has restricted access to external borrowings, as the net worth and creditworthiness of the partners play a crucial role in lenders' credit decisions. Consequently, the firm has limited funding options and financial flexibility, which has contributed to its small scale of operations.

Presence in competitive and fragmented industry

The firm operates in an intensely competitive and fragmented industry, where it faces fierce competition from both organized and unorganized players within the domestic and international market. This competitive environment limits CG's potential to improve its operating margins.

Key Strengths

Long and established track record of operation and experienced and resourceful partners

The partners of the entity have experience of over two decades in the industry and look after the overall operations. Over the years, partners have maintained relationship with its customers thus benefiting the entity by securing regular sales. Moreover, the partners are resourceful and would be able to infuse the funds to support the growing scale of operations going forward.

Applicable Criteria

[Criteria on Information Adequacy Risk and Issuer Non-Cooperation](#)

[Policy on Default Recognition](#)

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

[Financial Ratios – Non-financial Sector](#)

[Rating Methodology - Manufacturing Companies](#)

[CARE Ratings' Criteria on Rating of Short-Term Instruments](#)

[Rating Methodology - Cotton Textile Manufacturing](#)

About the firm and industry

Industry classification

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

Established in 1974, M/s Creative Garments (CG) is a partnership firm engaged in the manufacturing of readymade garments (mainly ladies wears). CG has two manufacturing facilities located in Mumbai (Kalyan, Lower Parel) with aggregate installed capacity of 12,00,000 pieces per annum as on March 31, 2024, and capacity utilization remains around 80-90%. The entity procures raw materials (mainly fabric, lining and accessories) from the local suppliers. CG exports readymade garments to Europe (contributed to ~80% of total revenue in FY24 vis-a-vis 60% in FY23) and remaining sales are through domestic market.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	44.87	40.21	24.54
PBILDT*	2.68	3.35	3.39
Profit after tax (PAT)	3.40	6.85	5.63
Overall gearing (x)	1.84	1.20	0.98
Interest coverage (x)	1.84	2.25	6.65

A: Audited UA: Unaudited; 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

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Packing Credit in Foreign Currency		-	-	-	15.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*

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

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/ ST-Packing Credit in Foreign Currency	LT/ST	15.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable / CARE A4 (06-Feb-25)	1)CARE BB-; Stable / CARE A4 (21-Feb-24)	1)CARE BB; Stable / CARE A4 (24-Nov-22)

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

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/ ST-Packing Credit in Foreign Currency	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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About us:

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