

Credo Brands Marketing Limited

February 20, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	70.00	CARE A+; Stable / CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Credo Brands Marketing Limited (CBML) reflects stable operating and financial performance in FY25 (FY refers to April 01 to March 31) and 9MFY26 and CARE Ratings Limited's (CareEdge Ratings') expectations of sustained performance in the medium term supported by planned store additions with moderated yet healthy operating margins. While reaffirming ratings, CareEdge Ratings notes elongation in CBML's operating cycle to 200 days in FY25, against 202 days in FY24, largely attributable to higher year-end inventory and receivables.

Ratings continue to factor in its healthy profitability levels, established presence, comfortable solvency profile characterised by healthy net worth with low debt levels, steady cash flows, and strong liquidity. Ratings also factor in its established brand name 'Mufti' in the domestic menswear industry and CBML's wide product portfolio and pan-India distribution network. However, ratings remain constrained by CBML's dependence on a single brand, working capital intensive operations driven by high operating cycle, inherent risks associated with the lifestyle retailing industry in the backdrop of changing consumer preferences, and prevailing intense competition in the apparel segment.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations above ₹650 crore with profit before interest, lease rentals, depreciation and taxation (PBILDT) margins above 30% on a consistent basis leading to cash accruals of above ₹150 crore.
- Maintenance of conservative capital structure and healthy debt coverage metrics with PBILDT interest cover above 8.5x on a sustained basis.

Negative factors

- Substantial decline in revenue and profitability translating into pressure on liquidity position
- Increase in working capital intensity with gross current assets above 350 days on a sustained basis
- Increase in total outside liabilities to tangible net worth (TOL/TNW) above 1.2x and/or deterioration in PBILDT interest cover below 5.5x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The Stable outlook on the long-term rating reflects CareEdge Ratings' expectations that CBML is expected to sustain financial risk profile considering its established brand and distribution network in the domestic apparel business while benefitting from its promoters' experience.

Detailed description of key rating drivers:

Key strengths

Asset-light business model and extensive experience of its promoters

CBML operates with an asset-light business model where its entire manufacturing is outsourced to trusted job workers and third-party suppliers, with the company keeping tight control over product designing and quality of fabrics. This model lends greater operating flexibility by keeping fixed costs under check and reducing capital required for scaling up of business. The company also benefits from over two decades of experience of its promoter, Kamal Khushlani, and the top management comprising qualified professionals.

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

Established brand name and widespread distribution network

The brand 'Mufti' is targeted towards the youth in the mid-premium to premium segment within the men's casual wear category shirts, jeans/ trousers, and T-shirts. The company enjoys the established brand name in the domestic market through its consistent efforts on advertisement and promotion. The company sells across channels and has been focussing on increasing retail presence. The company sells its products primarily through exclusive brand outlets (EBO), multi-brand outlets (MBO), large format stores (LFS) and E-business. As on December 31, 2025, total number of touchpoints is 1877 that includes 446 EBOs, 130 LFSs, and 1301 MBOs.

Healthy cash accruals and profitability levels

CBML has reported sustained increase in total operating income (TOI) marked by compounded annual growth rate (CAGR) of 7.7% for three years ended March 31, 2025, to ₹618 crore in FY25 compared to ₹498 crore in FY23. It improved y-o-y by ~9% to ₹~618 crore in FY25 compared to ₹~567 crore in FY24, considering growth in volume driven by brand presence despite moderation in apparel market in the year. Gross margin remained stable y-o-y in FY25. PBILDT margin grew by 120bps to 29.7% in FY25 compared to 28.54% in FY24 due to better absorption of the fixed overheads. PBILDT margin remained at healthy levels, leading to gross cash accruals (GCA) at healthy levels of ₹~135 crore in FY25 (PY: ₹~115 crore). CareEdge Ratings expects CBML's revenue to grow by 10-15% annually in the next 2-3 years, supported by planned store additions, with PBILDT margin sustaining in similar range resulting into adequate cash accruals.

Comfortable solvency position

The company's financial risk profile is characterised by healthy net worth, cash accruals, and strong liquidity. The company's net worth stood at ₹~410 crore as on March 31, 2025, with limited reliance on bank borrowings. Capital structure stood at comfortable levels marked by overall gearing at 0.57x (PY: 0.74x) and TOL/TNW at 0.87x (PY: 1.07x) as on March 31, 2025. In FY25, debt coverage metrics stood at comfortable levels, marked by PBILDT interest coverage at 7.29x (PY: 6.77x) and TDGCA at 1.78x (PY: 2.20x). CareEdge Ratings expects solvency profile to remain comfortable in absence of debt-funded capex and addition of stores each year will be funded entirely through internal accruals.

Key weaknesses**Working capital intensive operations**

The company's operating cycle remains elongated at 200 days in FY25 and 202 days in FY24, mainly driven by inventory and collection days. Average collection period (from its distribution network) elongated to 130 days in FY25 from 123 days in FY24, considering end of season sales being stretched. In FY25, average inventory days improved to 93 days (PY: 122 days) and average creditors' days stood at 22 days (PY: 32 days). The company has to maintain inventory at its warehouses in Bengaluru and Mumbai, from where supplies are made to its stores across all locations. Despite high operating cycle, the company's working capital utilisation remains low for 12 months ending December 2025, since the company was able to manage its working capital requirements through internal accruals.

Concentration of revenue in single brand and intense competition in domestic menswear industry

CBML's revenue demonstrates high concentration with a single brand name and dependence on casual menswear category, which exposes it to risks arising from demand slowdown in the category and disruptions from new market entrants. The company offers a wide product portfolio across casual wear comprising t-shirts, shirts, jeans, trousers, and accessories, among others, which limits the risk to an extent. The company faces competition from players in unorganised sector as the entry barrier is low, and also from the large apparel players with the established Indian and foreign brands, which limits pricing flexibility.

Exposure to changing consumer preferences and evolving discretionary spending trends

Apparel retail industry is closely linked to macroeconomic conditions, consumer confidence, and spending patterns. It remains susceptible to economic downturns, owing to the discretionary nature of its products, and hence revenue and profitability remain vulnerable to economic cycle. CBML is also exposed to changing consumer preferences and fashion trends, which necessitate continuous design innovation and increase the risk of inventory markdowns.

Liquidity: Strong

Liquidity is strong marked by projected healthy cash accruals in the range of ₹120-140 crore per annum against debt repayment obligation (majorly lease payments) of ₹55-60 crore per annum in the medium term. There are no major debt-funded capex plans in the near-to-midterm. The company had free cash balance of ₹21.70 crore as on September 30, 2025, and a healthy buffer from unutilised working capital facilities (with commensurate drawing power). Average working capital utilisation stood nil for 12 months ending December 2025, which provides a liquidity cushion. Net cashflow from operations (CFO) stood at ₹~161 crore in FY25 (PY: ₹~55 crore) and remained positive in the last five years.

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](#)

[Financial Ratios – Non financial Sector](#)

[Retail](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer services	Retailing	Distributors

Incorporated in 1999, CBML is engaged in marketing men's fashion garments in the lifestyle category under the brand name "MUFTI", which offers a range of T-shirts, shorts, joggers, outerwear, blazers, and accessories. The company is promoted by Kamal Khushlani, who has over 25 years of experience in the fashion industry. CBML has outsourced its garment manufacturing activities and focusses on designing/branding/marketing through its network of stores across India, including exclusive brand outlets (EBOs), multi-brand outlets (MBOs), large format stores (LFS) and E-commerce. CBML has been listed on NSE and BSE since December 2023. As on December 31, 2025, total number of touchpoints is 1877 that includes 446 EBOs, 130 LFSs, and 1301 MBOs.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	567.33	618.18	429.78
PBILDT*	162.21	182.47	112.80
Profit after tax (PAT)	59.16	68.41	32.19
Overall gearing (x)	0.74	0.58	NA
Interest coverage (x)	6.78	7.17	5.90

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Cash Credit		-	-	-	70.00	CARE A+; Stable / CARE A1+

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-Cash Credit	LT/ST	70.00	CARE A+; Stable / CARE A1+	-	1)CARE A+; Stable / CARE A1+ (21-Feb-25)	1)CARE A+; Stable / CARE A1+ (21-Feb-24)	1)CARE A+; Stable / CARE A1+ (20-Mar-23)
2	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (21-Feb-25)	1)CARE A+; Stable (21-Feb-24)	1)CARE A+; Stable (20-Mar-23)

LT: Long 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/ ST-Cash Credit	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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