MARCH 24, 2015

CARE REVISES RATINGS ASSIGNED TO BANK FACILITIES OF CREDO BRANDS MARKETING PVT. LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long term Bank Facilities	23	**CARE AA- (Double A Minus)**	Revised from CARE A+ [Single A Plus]
Short term Bank Facilities	40	**CARE A1+ (A One Plus)**	Revised from CARE A1 [A One]
Total Facilities	**63**		

Rating Rationale

The revision in the ratings assigned to the bank facilities of Credo Brands Marketing Pvt. Ltd. (CBMPL) takes into account the growth in the operations exceeding estimates with satisfactory profitability in FY14 (refers to the period April 1 to March 31) and H1FY15 (refers to the period April 1 to September 30), continuous improvement in the capital structure with declining reliance on debt and improved liquidity profile.

Besides, the ratings continue to derive strength from CBMPL's well-established brand name 'MUFTI', business model involving franchisee partners and low capital intensity of the operations.

The ratings, however, continue to be constrained by the relatively moderate scale of operations, dependency on the single brand and risks associated with the lifestyle retailing industry in the backdrop of changing consumer preferences.

The ability of the company to demonstrate healthy growth in the operations, withstand increase in the competition within the branded apparels segment and also from e-commerce while maintaining comfortable capital structure remain the key rating sensitivities.

Background

CBMPL incorporated in 1999, is engaged in the marketing of men's fashion garments targeted towards youth in the lifestyle category under the brand name of "MUFTI – Alternate Clothing". CBMPL is promoted by Mr. Kamal Khushlani, who has over 20 years of experience in the industry. The company has outsourced the garment manufacturing activities and manages only designing/branding/marketing through the various stores across India. As on March 31, 2014, the company had presence through 201 Exclusive Brand Outlets (EBOs), 1000+ Multi Brand Outlets (MBOs) and 106+ Large Format Stores (LFS) across India.

The company reported a PAT of Rs.47.01 crore on a total income of Rs.314.18 crore during FY14 (refers to period April 1 to March 31) as compared to a PAT of Rs.21.05 crore on a total income of Rs.233.54 crore during FY13. During 1HFY15, the company reported a PAT of Rs.21.49 crore on a total income of Rs.182.00 crore as compared to a PAT of Rs.29.38 crore on a total income of Rs.157.91 crore during 1HFY14.

Analyst Contact

Name: Ms. Rajashree Murkurte

Tel: 022-261443505

Email: rajashree.murkurte@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT

Head Office Mumbai

Mr. D.R. Dogra
Managing Director
Mobile: +91-98204 16002
E-mail: dr.dogra@careratings.com

Mr. Rajesh Mokashi
Dy. Managing Director
Mobile: +91-98204 16001
E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi
Vice President - Bank Loan & Instrument Rating
Mobile: +91-9819009839
E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva
Vice President - Bank Loan & Financial Services
Mobile: +91-9819698985
E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED
Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:
503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069
Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD
Mr. Mehul Pandya
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-98242 56265
Tel: +91-79-4026 5656
E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Dinesh Sharma
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91-99000 41975
Tel: +91-80-4115 0445, 4165 4529
E-mail: dinesh.sharma@careratings.com

CHANDIGARH
Mr. Sajan Goyal
2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.
Cell: +91 99888 05650
Tel: +91-172-5171 100 / 09
Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Saikat Roy
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Tel: +91-40-4010 2030
E-mail: saikat.roy@careratings.com

JAIPUR
Mr. Harsh Raj Sankhla
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 94139 69100
Tel: +91-141-402 0213 / 14
E-mail: harshraj.sankhla@careratings.com

KOLKATA
Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE
Mr. Rahul Patni
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-78754 33355
Tel: +91-20- 4000 9000
E-mail:rahul.patni@careratings.com

CIN - L67190MH1993PLC071691