Arvind Fashions Limited

August 06, 2021

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Rating Action
Long Term Bank Facilities	52.08 (Enhanced from Rs.18.20 crore)	**CARE A-; Negative (Single A Minus; Outlook: Negative)**	**Reaffirmed**
Long Term / Short Term Bank Facilities	145.00 (Enhanced from Rs.130.00 crore)	**CARE A-; Negative/ CARE A2+ (Single A Minus; Outlook: Negative/ A Two Plus)**	**Reaffirmed**
Short Term Bank Facilities	17.50 (Reduced from Rs.90.00 crore)	**CARE A2+ (A Two Plus)**	**Reaffirmed**
Total Facilities	**214.58 (Rupees Two Hundred Fourteen Crore and Fifty-Eight Lakh Only)**		

Details of facilities/instruments in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Arvind Fashions Limited (AFL) continue to derive strength from AFL being part of the Ahmedabad based 'Arvind Lalbhai' group which has a track record of over a decade in the apparel brands and retail business, AFL's strong brand portfolio of owned and licensed international brands, its pan-India retail presence across multiple sales channel and diversified revenue mix; albeit concentrated towards men's wear. The ratings also favourably factor in additional equity proceeds of Rs.200 crore (over and above envisaged) by way of rights issue apart from fund infusion of Rs.660 crore in July 2020. The proceeds from such non-debt fund infusion along with cash flow realized from its operations have been mainly utilized for funding of its higher than envisaged losses in FY21 (Audited; FY; refers to the period April 01 to March 31) while the remainder has been applied towards reduction of its consolidated debt and creditors. The ratings also factor expected improvement in its profitability from Q2FY22 onwards post discontinuation of some of its loss incurring growth/emerging brands and various cost rationalisation measures which coupled with envisaged reduction in its total capital employed is likely to result in improvement in its return on capital employed (ROCE). Moreover, steps taken by the company to improve the performance of its 'Arrow' brand and likely conclusion of the sale of its loss incurring value retail format stores, 'Unlimited', for which definitive agreement has already been signed is expected to further support its profitability, liquidity and ROCE going forward.

The ratings, however, continue to remain constrained on account of deterioration in AFL's debt coverage indicators arising from net loss of Rs.596 crore incurred by it on a consolidated level during FY21 which was higher than previously envisaged due to lower than envisaged recovery of demand because of impact of second wave of Covid-19 towards the end of Q4FY21 and cost associated with discontinuation of some of the apparel brands which was not envisaged. The ratings also continue to remain constrained on account of high utilization of its working capital limits, its presence in a highly competitive fashion retail industry and susceptibility of its operations to the prevailing pandemic which could lead to lower demand for discretionary products in the near term. Furthermore, AFL is expected to incur a net loss at a consolidated level in FY22 primarily due to adverse impact of second wave of Covid-19 in Q1FY22 and losses from discontinued brands during H1FY22, though the overall loss is expected to be much lower than those incurred in FY20 and FY21. Weak profitability and ROCE, apart from below average debt coverage indicators during FY21 also constrains its ratings.

Outlook: Negative

The 'Negative' outlook on the rating of AFL reflects probable adverse impact on the credit profile of the company in the near term due to second wave of Covid-19 which has delayed the recovery in consumer spending and footfalls in apparel retail sector back to pre-Covid-19 levels. Moreover, the demand recovery also depends upon the pace of vaccination and is contingent upon the occurrence and impact of third wave of Covid-19, if any. In the light of likely lower revenue and profitability, the debt coverage indicators of the company could be affected and are likely to remain lower than previously envisaged for FY22; albeit cushion is available from recent second tranche of rights issue and options available to the company to raise further non-debt fund. The outlook may be revised to 'Stable' on sustained improvement in demand along with improvement in its profitability and/ or sizable reduction of its debt level leading to better liquidity, leverage and debt coverage indicators than presently envisaged.

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

Rating Sensitivities

Positive Factors:

- Revival of consumer demand to normalcy levels leading to significant improvement in its PBILDT margins to more than 14% and ROCE of more than 18% on a sustained basis
- Significant improvement in its total debt to PBILDT below 4 times
- Gross working capital cycle improving to around 180 days on sustained basis
- Company raising significant non-debt fund to shore up its liquidity

Negative Factors:

- Inordinate delay in realisation of envisaged sale proceeds from its 'Unlimited' deal
- Further adverse impact on the liquidity of the company owing to delay in ramping up of its revenue to envisaged levels, thereby leading to higher than presently envisaged losses
- Continued subdued performance arising from its inability to achieve meaningful improvement in its profitability margins even after discontinuing most of its loss-incurring apparel brands
- Prolonged negative impact on the retail sector due to Covid-19 pandemic

Detailed description of the key rating drivers

Key Rating Strengths

Part of Ahmedabad based Arvind Lalbhai Group with experienced and qualified management

AFL is a part of the Ahmedabad based Arvind Lalbhai group which was founded by Late Mr. Kasturbhai Lalbhai in 1931. The group is a diversified conglomerate having presence in textile, apparel retailing, engineering, waste water treatment and real estate business. Arvind Limited (*Arvind; rated CARE AA-; Negative/ CARE A1+*), the flagship company of the group, is one of India's leading vertically integrated textile companies having presence of more than eight decades in the industry. Post its demerger from Arvind; AFL got separately listed on the stock exchanges on March 08, 2019. The Lalbhai family of Arvind is the largest shareholder in AFL while Multiples Private Equity fund managed by Ms. Renuka Ramnath; ex-MD & CEO of ICICI Ventures Ltd., holds nearly 12% equity stake in the company.

Mr. Sanjay Lalbhai is the Chairman of AFL while his sons, Mr. Punit Lalbhai and Mr. Kulin Lalbhai, are non-Executive Directors on the Board of AFL. The management team of AFL includes Mr. Shailesh Chaturvedi (Managing Director and Chief Executive Officer (CEO)) and Mr. Pramod Gupta (Chief Financial Officer). Further, the board of AFL comprises of eminent industry experts such as Mr. Nilesh Shah, Mr. Vallabh Bhansali and Ms. Nithya Easwaran.

Mobilization of sizable non-debt funds (including rights issue) in FY21 and expectation of further infusion of such funds in the near term to counter the adverse impact of Covid-19 pandemic on its operations

Financial flexibility of AFL had improved post listing of its equity shares on March 08, 2019. During July 2020, AFL infused Rs.660 crore (Rs.400 crore from rights issue and Rs.260 crore from minority stake sale in its Flying Machine brand to Flipkart Group). Moreover, during February 2021, AFL announced another rights issue of Rs.200 crore and received proceeds from it during Mar'21-June'21. Post funds infusion through the above-mentioned non-debt proceeds, the net worth base of the company stood at Rs.553 crore as on March 31, 2021 as against Rs.487 crore as on March 31, 2020 despite sizable net loss incurred in FY21. The company could also reduce its debt level (excl. lease liability) sizably by nearly Rs.300 crore partly through operational cash flow and partly through equity infusion.

Moreover, the company intends to utilize likely proceeds of Rs.150 crore from sale of 'Unlimited' to retire debt to the extent of Rs.100 crore while balance is likely to be utilized to fund its working capital requirement. Management has further articulated that the company has the option to raise upto Rs.400 crore (Board approval already in place) of non-debt fund to guard against any probable third wave of Covid. In the absence of third wave, the same is expected to be utilized towards further debt reduction. Such proactive fund infusion has enabled AFL to successfully counter the challenging external operating environment.

Strong brand portfolio of own and licensed international apparel brands post discontinuation of some loss-incurring brands

AFL has a strong portfolio of own and licensed international apparel brands. The licenses are long term/perpetual in nature. AFL's brand portfolio is positioned across various price points and fashion styles although more focused towards casual wear. It also encompasses various segments like men's wear, women's wear, kids wear, inner wear, footwear, beauty and accessories; albeit it is skewed towards men's wear (~69% of its overall sales in FY21).

Brand Category	Apparel Brands
Power Brands	Arrow, Flying Machine, Tommy Hilfiger, U.S. Polo
Growth/Emerging Brands	Calvin Klein, Aeropostale, Ed-Hardy
Specialty Retail	Sephora

The company decided to discontinue some of its loss incurring growth/emerging brands i.e. Gant, Nautica, Elle and Izod during FY20. During FY21, the company decided to discontinue franchisee brands like GAP, Hanes and The Children's Place. The process of closure of these brands except GAP has been completed in FY21 while closure of GAP is expected to be completed by September 2021. Moreover, recently, the company has signed definitive agreements for sale of 'Unlimited' business for a consideration of Rs.150 crore. Management expects closure of transaction and receipt of proceeds by September 2021.
Going forward, the management of AFL plans to increase its sales in beauty brand, inner wear, footwear and kids wear segment in the medium term so as to improve its demographic presence. This is envisaged to sharpen its brand portfolio by focusing on six key brands with an aim to improve profitability. Moreover, the company has also forayed into masks, comfort-wear for work-from-home culture, in line with the current consumer requirements.

Expectation of improvement in profitability with discontinuation of many loss-incurring brands and focus on six key brands which have largely had a good track record
AFL's value retail format store chain under 'Unlimited' has been incurring operating losses for last 3 years ended FY21. Recently, the company has signed definitive agreements for sale of 'Unlimited' retail business to V-Mart Retail Limited at book value. AFL is envisaged to receive proceeds of nearly Rs.150 crore in cash upon the closure of transaction. Moreover, with release of capital employed in loss incurring operations, ROCE of the company is expected to improve significantly post closure of transaction.
The performance of 'Arrow' has remained subdued since last 2 years ended FY21 due to gradual decline in formalwear category and growing culture of semi-formal wear. Moreover, company's decision to curtail the hitherto long-credit period offered to its wholesale channel and curtailment of the channel inventory too added to its losses. The management has taken steps to revive the sales of 'Arrow' through renewed marketing campaign by signing Hrithik Roshan as the brand ambassador, changing its offering with launch of premium range, expansion of Arrow New York modern line and relaxed work wear offerings 'Arrow Sport' along with redesigning the retail outlets to drive its future growth and profitability. During FY21, AFL has completely revamped 'Arrow' and cleared its old inventory. However, company could not capitalize upon these benefits fully due to adverse impact of second wave of Covid-19. Management expects turnaround of 'Arrow' in H2FY22 with positive PBILDT. Management also expects significant improvement in profitability of 'Arrow' from FY23 backed by above mentioned steps leading to improvement in overall profitability.
With discontinuation of almost all the loss-incurring brands during past two years, AFL shall now be mainly vested with six 'Focused Brands' in its portfolio: US Polo, Tommy Hilfiger, Flying Machine, Arrow, Calvin Klein and Sephora. As informed by the management, these brands occupy the top-5 positions in their respective category and have been major revenue driver for the company over past few years. Moreover, company is now focusing to add different product categories including kid's wear, footwear and women's wear within these brands to drive the growth further. Focus on profitable brands coupled with discontinuation of loss-incurring brands, expected improvement in performance of 'Arrow' brand, structural cost reduction of more than Rs.100 crore and curtailment of cash burn post completion of sale of 'Unlimited' is expected to improve overall profitability going forward.

Wide distribution network with presence across multiple sales channels
AFL has a strong distribution network with 1,249 exclusive brand outlets (EBOs) and more than 3,700 key counters having total retail space of 19.45 lakh square feet (LSF) as on March 31, 2021. AFL's brands are sold through multiple sales channels such as its retail store network, through wholesale to Multi Brand Outlets (MBO) and large departmental stores as well as through online retailers like Flipkart, Myntra and Amazon in addition to its own website NNNOW.com. With a shift in the consumer behaviour towards online sales due to the outbreak of Covid-19, the online channel has become the growth driver for the company thereby increasing the reach of the brand portfolio of AFL. The share of revenue from online channel in total revenue has increased significantly during FY21. The online channel has been the fastest in recovering post unlock with 38% growth in overall online sales and 3.6 times sales through NNNOW.com along with marketplace. AFL has integrated its offline stores and warehouse inventory to NNNOW.com and third-party online platforms to create 'one-view of inventory' which refers to access to the inventory of all the stores apart from online inventory. Further, AFL continued to shift its revenue from inventory and debtor led wholesale business to retail and online channel which significantly reduced wholesale channel contribution to total sales.

Key Rating Weaknesses
Higher than envisaged net loss during FY21 and expectation of further loss in FY22 primarily due to adverse impact of second wave of Covid-19 during Q1FY22
During Q1FY21, the revenue and profitability of AFL were significantly impacted by disruptions on account of nationwide lockdown to counter the Covid-19 pandemic. Post relaxation in lock-down, AFL witnessed a gradual recovery in revenue and profitability on quarter-on-quarter basis (recovery of 39%, 86% and 114% in sales during Q2FY21, Q3FY21 and Q4FY21 respectively) with gradual opening of stores along with improving footfalls backed by festive demand and continuing progress in online channel. However, total operating income of AFL still registered a y-o-y de-growth of around 40% in FY21. To combat the impact of Covid-19, the management took various steps to reduce its cost. During FY21, AFL

reduced its overhead costs by 40% (~Rs.540 crore) and the management expects cost reduction of around Rs.100 crore to be structural in nature and sustainable in future. AFL could partially curtail operating losses of emerging brands and specialty retail despite impact of Covid-19 due to steps taken by management for cost optimization.
The subdued performance during FY21 was mainly on account of loss of sales in H1FY21 and additional provisions arising out of Covid-19 disruption coupled with loss on discontinued brands and continued losses being incurred by its Unlimited retail chain. Moreover, PBILDT of its hitherto highly profitable 'power' brands registered significant reduction on account of the lower sales. Despite steps taken for cost reduction by management, AFL reported a higher than envisaged net loss and cash loss of Rs.596 crore and Rs.431 crore respectively during FY21. Due to net loss and cash loss incurred by AFL, debt coverage indicators marked by PBILDT interest coverage and ROCE deteriorated significantly during FY21 and remained weak. However, the cash losses during both FY20 and FY21 were funded by non-debt proceeds from rights issue and stake sale to Flipkart in Arvind Youth Brands Limited.
Second wave of Covid-19 has put on hold the recovery of sales witnessed during H2FY21 as sales were affected from the month of March 2021 onwards. Performance of AFL is expected to remain subdued in Q1FY22. Despite expected recovery from Q2FY22, AFL is expected to report net loss and cash loss in FY22; albeit this is expected to be much lower than what it incurred in last two years. Management expects gradual recovery in performance from Q2FY22 and PBILDT during FY22 to remain better as compared to FY20 and FY21 backed by structural overhead cost reduction of more than Rs.100 crore and discontinuation of loss-making brands.

Continuous requirement of cash outlay for expanding its retail presence; albeit curtailing the same to preserve cash during the pandemic
Being in the retail business, AFL has to continuously invest in order to revamp its existing stores as well as for opening of new stores. However, management has adopted a cautious approach towards opening/closing of stores which has been reflected from moderate level of capex incurred during past three years ended FY21. Further, the management has not incurred any major capex in FY21 on account of disruption of operations due to outbreak of Covid-19. AFL has increased its focus on franchisee store from FY20 as share of company operated stores in total stores decreased from 47% in FY19 to 29% in FY21. Also, most of the store expansion going forward is planned to be done through franchisee route, thereby further reducing capex requirements. Going forward, realization of envisaged benefits from completed capex along with lower gestation period of newly opened stores will also be crucial for the overall performance of the company.

Highly competitive branded apparel retail industry which exerts pressure on profitability margins; albeit strong brand portfolio of AFL alleviates competition to a certain extent
Apparel retail sector in India is highly competitive with presence of many domestic and international brands as well as foray of large corporates like TATA group, Reliance group and Aditya Birla group into apparel retail segment. AFL faces tough competition from the private label brands of its established distributors. However, large expansion by retailers lead to pressure on their PBILDT margin as earnings from existing stores do not adequately offset gestation losses from high proportion of new stores added. A strong brand portfolio with some of the leading brands, coupled with growing online sales could help AFL in dealing with the increasing competition.

Near to medium-term consumption slow-down in the economy accentuated by the outbreak of COVID-19 crisis; albeit mitigating steps by AFL's management towards cost rationalization
India's GDP contracted by 7.3% in FY21 which is the worst decline in decades. Private consumption being a driver of the economy (accounting for around 60% of the GDP) witnessed a notable decline of 9% in FY21 on y-o-y basis. The lockdown restrictions have largely remained more targeted and regionally focused in second wave of Covid-19 vis-à-vis the national lockdown implemented last year. However, demand for fashion and lifestyle segment of the retail industry is impacted as consumer spending on such items takes a backseat during such times. Further, the restrictive measures for containment of the virus coupled with the overall lower income levels due to higher unemployment is expected to constrain consumption demand. The cash inflow of the retail industry is further impacted due to second wave of pandemic and despite actions taken to manage the negative impact on profitability and cash-flows, significant losses are expected in the sector during Q1FY22. The demand is expected to be affected in Q2FY22 in as well as people are likely to curtail their discretionary spending with reduced income as well as tendency to preserve cash. The second wave of pandemic has put a hold on recovery of sales witnessed in H2FY21 and delayed the recovery back to pre-Covid-19 levels till FY23. Also, retailers may have to extend heavy discounts or extend the sale period to clear the piled-up inventory, thereby impacting their profitability. However, companies are better prepared to follow Covid-protocols, respond to restrictions and minimize loss of operations. AFL's management has taken various steps for cost optimization including reduction in rent, manpower hiring freeze, travel cost reduction, etc. The company is also conserving cash by rationalizing its inventory purchase and deferring capital expenditure (capex) outlay.

Liquidity: Adequate
Operations of AFL have been highly working capital intensive due to requirement of large inventory holding in its retail business and extension of credit to its wholesale/online channels. However, company has taken various steps to improve

inventory turnover. Moreover, increase in online sales also results in faster inventory turnover. Further, capital employed release from discontinuation of loss-incurring brands over past two years ended FY21 coupled with reduction in gross working capital has resulted into reduction in working capital borrowings in FY21. Consequently, AFL had generated positive cash flow from operations of Rs.98 crore during FY21 despite net loss incurred during the year.
Despite losses in FY21 and closure of stores resulting in significant weakening of cash flows amidst second wave of pandemic in Q1FY22, liquidity of the company at a consolidated level has remained adequate on the back of proceeds from the rights issue and stake sale proceeds aggregating to Rs.660 crore during July 2020 and proceeds from another rights issue aggregating to Rs.200 crore during Mar'21-June'21. On a standalone level, AFL's average utilization of fund based working capital limits stood at around 77% during the trailing 12 months ended May 2021 while average utilisation of fund-based limits of Arvind Lifestyle Brands Limited (ALBL; its major subsidiary) remained high at 89% for the same period. AFL, at a consolidated level, has liquidity buffer of around Rs.100 crore in the form of undrawn working capital limits at the end of May 2021. Further, the company has relatively moderate term debt repayment obligation of around Rs.47 crore due in FY22. Management expects cash flow of around Rs.225 crore in H1FY22 from closure of discontinued brands and sale of Unlimited. CARE also factors in the promoters' strong commitment to provide need-based support to the company in case of any exigency.

Analytical Approach: Consolidated; CARE has considered the consolidated financials of AFL for its analytical purpose, which includes the financials of its subsidiaries/JV. The list of subsidiaries/JV consolidated in AFL is placed in **Annexure-3**.

Applicable Criteria
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology: Consolidation
Rating Methodology - Organized Retail Companies
Rating Methodology - Wholesale Trading
Financial ratios – Non-Financial Sector
Liquidity Analysis of Non-Financial Sector Entities

About the Company
AFL was originally incorporated in January 2016 as Arvind J&M Limited and its name was changed to its current form in October 2016. It is a part of Ahmedabad based 'Arvind Lalbhai' group and earlier used to be a 90% subsidiary of Arvind with the balance stake being held by Multiples Private Equity Fund. Post business restructuring undertaken within Arvind group, AFL got demerged and was separately listed on the stock exchange on March 08, 2019. Shareholders of Arvind became shareholders of AFL post demerger. AFL, through its two wholly owned subsidiaries, one joint venture (JV) and two step-down subsidiaries, is engaged in the wholesale and retailing of owned and licensed branded apparels in India. However, its wholly-owned subsidiary, ALBL, has major contribution to AFL's consolidated revenue, profitability and debt profile.

Brief details of various businesses conducted by AFL and its subsidiaries/JV:

Company Name	Business activities
AFL	Wholesale of licensed brand 'Arrow'
ALBL - 100% subsidiary of AFL	Wholesale and retailing of various international licensed brands. Retailing of Arrow and Value retail format stores - 'Unlimited'
Arvind Youth Brands Private Limited (AYBPL) – majority owned by ALBL	Wholesale and retailing of own brand 'Flying Machine'
PVH Arvind Fashion Private Limited (PAFPL) - 50% JV between AFL and PVH Corp, USA	Wholesale trading of 'Tommy Hilfiger' (TH) and 'Calvin Klein' branded apparels, accessories and retail trading for TH brand
Arvind Beauty Brands Retail Private Limited (ABBRPL) - 100% subsidiary of AFL	Retailing of beauty products under 'Sephora'
Value Fashion Retail Limited – wholly-owned by ALBL	Non-operational

(Rs. Crore)

Brief Financials of AFL (Consolidated)	FY20 (A)	FY21 (A)
Total Operating Income	3,922	2,328
PBILDT	292	122
PAT	(399)	(596)
Overall Gearing (times) @	4.46	3.18
PBILDT Interest Coverage (times)	0.99	0.54

A: Audited; @ including lease liability in debt

Status of non-cooperation with previous CRA: Not Applicable
Any other information: Not Applicable
Rating History (Last three years): Please refer Annexure-2
Complexity level of various instruments rated for this company: Please refer Annexure-4

Annexure-1: Details of Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based-LT/ST	-	-	-	145.00	CARE A-; Negative / CARE A2+
Fund-based - LT-Term Loan	-	-	March 2026	52.08	CARE A-; Negative
Non-fund-based - ST-Working Capital Limits	-	-	-	17.50	CARE A2+

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/ST	LT/ ST	145.00	CARE A-; Negative/ CARE A2+	-	1)CARE A-; Negative/ CARE A2+ (29-Sep-20) 2)CARE A-; Negative/ CARE A2+ (30-Apr-20)	1)CARE A-; Stable/ CARE A2+ (20-Feb-20) 2)CARE A; Negative/ CARE A1 (15-Oct-19) 3)CARE A; Negative/ CARE A1 (20-Sep-19)	1)CARE A+; Stable/ CARE A1+ (02-Aug-18)
2.	Fund-based - LT-Term Loan	LT	52.08	CARE A-; Negative	-	1)CARE A-; Negative (29-Sep-20) 2)CARE A-; Negative (30-Apr-20)	1)CARE A-; Stable (20-Feb-20) 2)CARE A; Negative (15-Oct-19)	-
3.	Non-fund-based - ST-Working Capital Limits	ST	17.50	CARE A2+	-	1)CARE A2+ (29-Sep-20) 2)CARE A2+ (30-Apr-20)	1)CARE A2+ (20-Feb-20) 2)CARE A1 (15-Oct-19)	-
4.	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ ST	-	-	-	-	1)CARE AA- (CE); Stable / CARE A1+ (CE) (20-Sep-19) 2)Withdrawn (20-Sep-19)	1)CARE AA (SO); Stable/ CARE A1+ (SO) (03-Dec-18)
5.	Fund-based -	LT	-	-	-	-	1)Withdrawn	1)Provisional

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
	LT-Working Capital Limits						(20-Sep-19)	CARE AA (SO); Stable (03-Dec-18)
6.	Non-fund-based - ST-Letter of credit	ST	-	-	-	-	1)Withdrawn (20-Sep-19)	1)Provisional CARE A1+ (SO) (03-Dec-18)
7.	Commercial Paper	ST	-	-	-	-	1)Withdrawn (21-Aug-19)	1)Provisional CARE A1+ (SO) (03-Dec-18)

Annexure 3: List of Subsidiaries/JV of AFL

Name of the Company	% share-holding of AFL as on March 31, 2021	Consolidation
Arvind Lifestyle Brands Limited	100%	Fully Consolidated
Arvind Beauty Brands Retail Private Limited	100%	Fully Consolidated
PVH Arvind Fashion Private Limited (*erstwhile Calvin Klein Arvind Fashion Private Limited*) (JV)	50%	Fully Consolidated
Arvind Youth Brands Private Limited*	100%	Fully Consolidated
Value Fashion Retail Limited*	100%	Fully Consolidated

**Held by Arvind Lifestyle Brands Limited*

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

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

***Note on complexity levels of the rated instrument:** 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.*

Contact us

Media Contact
Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact
Krunal Modi
Contact No. – +91-79-40265614 / +91-8511190084
Email: krunal.modi@careratings.com

Relationship Contact
Deepak Prajapati
Contact no. – +91-79-4026 5656
Email ID – deepak.prajapati@careratings.com

About CARE Ratings:
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