Arvind Limited

September 07, 2021

Ratings

Facilities/ Instruments	Amount (Rs. crore)	Ratings[1]	Rating Action
Long-term Bank Facilities	1,124.45 (reduced from Rs.1,242.15 crore)	**CARE AA-; Negative (Double A Minus; Outlook: Negative)**	Reaffirmed
Long/Short-term Bank Facilities	1,148.32 (reduced from Rs.1,368.00 crore)	**CARE AA-; Negative/ CARE A1+ (Double A Minus; Outlook: Negative/ A One Plus)**	Reaffirmed
Short-term Bank Facilities	766.01 (reduced from Rs.811.01)	**CARE A1+ (A One Plus)**	Reaffirmed
Total Facilities	**3,038.78 (Rupees Three Thousand Thirty Eight Crore and Seventy Eight Lakh only)**		
Non-convertible Debenture ^	75.00 (reduced from Rs.200 crore)	**CARE AA-; Negative (Double A Minus; Outlook: Negative)**	Reaffirmed
Non-convertible Debenture @	-	**-**	Withdrawn
Total NCD	**75.00 (Rupees Seventy Five Crore only)**		

Details of facilities/instruments in Annexure-1

@ CARE Ratings has withdrawn the outstanding rating assigned to the non-convertible debentures (NCDs; comprising ISINs: INE034A08032, INE034A08040 and INE034A08057) of Arvind Limited (Arvind) as they have been fully paid-off.

^ CARE Ratings has withdrawn the outstanding rating assigned to the proposed NCD of Rs.125 crore as Arvind has not issued any NCD against the proposed rated NCD issue till date. The above action has been taken at the request of Arvind as the company has no plans to issue any NCD against it in near future.

Detailed Rationale & Key Rating Drivers

The ratings of the bank facilities and instruments of Arvind Limited (Arvind) continue to derive strength from the vast experience of its promoters in textile business coupled with its long-standing operational track record as an integrated textile manufacturer having presence across the textile value chain and gradual diversification of its revenue mix towards technical textile/advanced material, thereby reducing its dependence on the cyclical denim business to an extent. The ratings also factor its large scale of operations; healthy net worth base, continued reduction in debt level and outside liabilities during FY21 (refers to the period April 01 to March 31) with further plans to reduce debt level in FY22. Despite net loss incurred during FY21, the company could improve its net working capital turnover and thereby generated sizable cash flow from operations which were utilised for debt repayment in the absence of any major capex. The ratings also factor gradual recovery in performance of the company during H2FY21, post adverse effect of Covid-19 pandemic during the first half of the year, backed by good export demand, gradual ramp-up of its garmenting capacity and certain structural cost reduction. CARE Ratings also takes cognizance of certain export incentives announced by the government which could benefit the company as well as Arvind's plans to gradually monetize some of its available freehold land parcel near Ahmedabad towards its further debt reduction in the medium term.

The above rating strengths are, however, tempered by lower than previously envisaged operational and financial performance for FY21 along with impact of the second wave of Covid-19 in Q1FY22; albeit expectation of recovery in performance from Q2FY22. The ratings are also constrained due to its continued subdued return on capital employed (ROCE), sub-optimal profitability of its garment business, susceptibility of its profitability to inherent volatility associated with cotton prices and foreign exchange rate fluctuation and its inherent working capital intensive operations. Presence in the cyclical denim fabric and competitive textile industry further constrain its ratings. CARE Ratings also takes cognizance of recent surge in input prices like cotton and cotton yarn, chemicals and freight costs which may impact its profitability in the near term in the absence of corresponding equivalent increase in selling prices of its products.

Outlook: Negative

The 'Negative' outlook on the long-term rating of Arvind reflects CARE Ratings' expectation of lower than previously envisaged operating performance and profitability of Arvind in the near term due to likely impact of recent surge in input costs as well as due to intermittent disruptions caused by the Covid-19 pandemic which has delayed the recovery in

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

demand for textile products back to pre-Covid-19 levels. Moreover, the demand recovery also depends upon the pace of vaccination and is contingent upon the occurrence and extent of impact of third wave of Covid-19, if any. Recovery in overall demand of apparel segment is likely to be gradual given the discretionary nature of the apparel products and its sensitivity to consumer demand and sentiment. The outlook may be revised to 'Stable' in case of faster-than-anticipated recovery in demand resulting in sustained and significant improvement in the company's operational and financial risk profile.

Rating Sensitivities

Positive Factors – Factors that could lead to positive rating action/upgrade:

- Sustained improvement in its PBILDT margin to above 15% along with ROCE of above 15%
- Significant debt reduction leading to improvement in debt coverage with total debt/ PBILDT below 2 times on sustained basis

Negative Factors – Factors that could lead to negative rating action/downgrade:

- Decline in the PBILDT margin to below 9% along with moderation in its debt coverage indicators with total debt/ PBILDT above 4 times on a sustained basis
- Elongation in its operating cycle adversely affecting its cash flow from operations and liquidity
- Availing debt towards development of its real estate project for monetization of its large land parcel in future
- Prolonged negative impact on the textile sector due to Covid-19 pandemic

Detailed description of the key rating drivers

Key Rating Strengths

Wide experience of the promoters in textile industry along with competent management

Arvind, the flagship company of the Ahmedabad-based Lalbhai group, is currently led by Mr Sanjay Lalbhai who is the *Chairman and Managing Director* of Arvind and looks after the overall operations of the company and has total work experience of four decades. Furthermore, his sons, Mr Punit Sanjay Lalbhai and Mr Kulin Sanjay Lalbhai, have also been inducted on the Board as Executive Directors. Mr Jayesh Shah, *Whole-time-Director and CFO*, is a Chartered Accountant with total work experience of nearly three decades and looks after the finance function. Furthermore, Arvind's Board comprises of eminent industry experts and professionals. The management team of Arvind also consists of experienced professionals who have guided the company successfully through various economic cycles.

Vertically-integrated operations across the textile value chain along with geographically diversified presence

Arvind has vertically-integrated presence across the textile value chain starting from manufacturing of cotton yarn to grey/processed fabric to garments which imparts strong operational flexibility. Within fabric, Arvind mainly manufactures denim fabric and cotton shirting fabric and it is amongst the largest producers of denim fabric and cotton shirting fabric in India. Apart from conventional textile products, Arvind also produces high-value technical textiles such as composites, coated fabrics, liquid filtration solutions, etc., under its advanced material division. Arvind, through its subsidiary Arvind Envisol Limited (AEL), is also engaged in assembling and installation of waste-water treatment plants. With increasing contribution from shirting fabric, garmenting, advanced material and waste-water treatment businesses, Arvind has gradually reduced its dependence on the cyclical denim fabric business. Moreover, revenue stream of Arvind is also geographically diversified with exports constituting nearly 45%-50% of its consolidated revenue.

Consolidated Sales (Rs. Crore)	FY19	FY20	FY21	Y-o-Y (%)
Domestic	3,882	4,170	2,510	-40%
Export	3,260	3,200	2,563	-20%
Total Sales	**7,142**	**7,370**	**5,073**	**-31%**
Domestic (%)	***54%***	***57%***	***49%***	**-**
Export (%)	***46%***	***43%***	***51%***	**-**

As informed by the management, Arvind has started receiving small orders from new overseas customers as a part of their supplier diversification away from China which may offset some of the adverse effect of Covid-19 pandemic in domestic market and in-turn increase its share of export revenue.

Steady performance of denim fabric and advanced material business insulated overall profitability of the company to an extent from negative impact of Covid-19 pandemic during FY21

The textile segment of Arvind contributes around 80% of its overall consolidated revenue while balance is being contributed by non-textile businesses which majorly includes advanced material business and waste-water management business. Within the textile segment, sales from denim fabric which declined during FY19 and FY20 due to pricing pressure arising from over-supply scenario in domestic market further declined in FY21 largely due impact of Covid-19 pandemic during H1FY21. However, the PBILDT margin from denim fabric during FY21 witnessed significant improvement despite lower sales mainly due to lower price of cotton coupled with higher share of export revenue in total sales, which fetches higher sales realization.

Segment	FY19		FY20		FY21	
	Revenue	PBILDT	Revenue	PBILDT	Revenue	PBILDT
Textile	6,143	671	6,320	630	3,998	426
Non-Textile	966	149	996	109	1,100	77

The performance of advanced material business was not much affected by Covid-19 and remained largely stable during FY21 on y-o-y basis. Steady operating profitability from denim fabric and advanced material business insulated overall profitability of the company from negative impact of Covid-19 pandemic. Moreover, management expects advanced material division to grow at healthy double-digit rate in medium term with largely stable PBILDT margin. While the advanced material business had not been impacted much due to Covid-19 pandemic, the performance of waste-water business was impacted majorly. The revenue from waste-water business declined by around 27% during FY21 on a y-o-y basis with significant reduction in profitability. The revenue from waste-water treatment is expected to remain largely stable during FY22 with some improvement in the PBILDT margin. Going froward, the PBILDT margin is expected to improve backed by good export demand, gradual ramp-up of its garmenting capacity and structural cost reduction; albeit the surge in input costs could restrict improvement in its profitability to an extent.

Continued reduction in debt level and outside liabilities in FY21 as envisaged which is expected to continue in FY22 backed by efficient working capital management and controlled capex

Despite net loss and lower cash accruals during FY21, the company could reduce its debt level and outside liabilities by around Rs.380 crore by end-FY21 compared with end-FY20 which was supported by strong generation of cash flow from operation during FY21. The management has taken various steps to rationalise the level of inventory and debtors which has resulted into strong cash flow from operation during the past two years ended FY21. Consequently, overall gearing ratio of Arvind improved from 1.04 times as on March 31, 2020 to 0.84 times as on March 31, 2021. Going forward, total debt is further expected to reduce in the absence of any major capex plan in the medium term coupled with scheduled repayment of term debt. The debt level of the company had increased to Rs.2,318 crore (excluding lease) as on June 30, 2021, amidst adverse impact of second wave of Covid-19; albeit, it is expected to reduce going ahead.

Arvind has been also focusing to reduce its reliance on short-term borrowings. During FY20 and FY21, the company availed longer-term debt to repay various shorter tenure debt including prepayment of some term debt which resulted in more even spread of its debt repayment obligations. The proportion of short-term debt in its total debt (excluding lease) reduced from 63% as on March 31, 2019 to 36% as of March 31, 2021. Subsequent to March 31, 2021, Arvind has availed the long-term corporate loan of Rs.100 crore which was utilised to shore up its net working capital apart from some capex requirement. Arvind has planned some routine and de-bottlenecking capex of Rs.100 crore in FY22 which is to be funded out of internal accruals and recently availed corporate loan.

Incentives announced by the government is expected to improve the competitiveness of the Indian textile exporters

Export incentives impact the competitiveness of Indian textile exporters as competing nations such as Bangladesh and Vietnam enjoy duty-free access to key export markets, i.e., USA and Europe. Recently, Government of India announced the rates of rebate under the new Remission of Duties and Taxes on Exported Products (RoDTEP) scheme which is expected to create a level-playing field for Indian textile exporters in the global market. Moreover, extension of Rebate of State and Central Taxes and Levies (RoSCTL) till March 31, 2024, provides long-term visibility of the scheme to the exporters of apparel and made-ups and increases the competitiveness of Indian players in these segments.

Development of real estate project towards monetization of its large land parcel

Arvind owns 525,000 square yard free-hold land in Gandhinagar district, near Ahmedabad. The company has decided to monetize the land by developing part of this land. Accordingly, during February 2020 to June 2021, the company launched Phase – I to Phase – IV of “Arvind Forreste”, a scheme of plotted development of Villa which entails development of around 330,000 square yard out of the total available area under Phase – I to Phase – IV by developing 353 villas. Arvind has given the development rights of Phase – I to IV of this project to its group entity, Arvind Smart Spaces Limited (ASSL) under Development Management Model. The total expected sales value of Phase - I to Phase – IV of the project is around Rs.372 crore over FY21-FY24. The approximate cost of construction is around Rs.110 crore which is expected to be funded entirely through customer advances with no reliance on external debt as articulated by Arvind’s management. Hence, availment of any debt towards its real estate business will be a negative rating sensitivity.

With good response from the customers, Arvind could book sales worth Rs.222 crore (i.e., more than 80% of the total saleable area under Phase – I to Phase – III) and received the customer advance of around Rs.61 crore as on March 31, 2021, and subsequently launched Phase – IV of the project in June 2021. Arvind plans to utilize proceeds from monetization of land to reduce its debt level. However, timely progress of the project and receipt of customer advances remains key monitorable.

Liquidity: Adequate
Despite declining cash accruals and high utilization of its fund-based working capital limits at 93% during trailing 12 months ended July 2021, liquidity of Arvind remains adequate marked by positive cash flow from operations and curtailed capex. Moreover, Arvind has relatively low term debt repayment obligation of Rs.250-350 crore per annum during the next two years as against envisaged cash accruals in the range of Rs.500-650 crore, indicating adequate cushion in its debt servicing. Furthermore, Arvind has curtailed its capex and has planned to undertake an annual capex of around Rs.100 crore each during FY22-FY24 to conserve its liquidity. These steps are expected to provide cushion to its liquidity in the short term.
Arvind has been focusing to reduce its reliance on short-term borrowings. During FY20 and FY21, the company availed longer-term debt to repay various shorter tenure debt which has resulted in more even spread of its debt repayment obligations in the medium term. Consequently, term debt instalment repayment during FY22-FY23 has reduced significantly leading to improvement in its current ratio. Prudent deployment of short-term funds on a continuous basis would remain a key monitorable going forward.

Key Rating Weaknesses
Net loss incurred during FY21 with lower than previously envisaged profitability and cash accruals
After witnessing significant decline in its net profit during FY20 over FY19, the profitability of the company further remained lower than envisaged during FY21. The total operating income of Arvind registered a y-o-y de-growth of around 31% in FY21. The PBIDLT of the company declined by around 42% to Rs.503 crore in FY21 compared with Rs.745 crore in FY20 and Rs.798 crore in FY19. On the back of more than 40% decline in PBILDT with largely stable interest and depreciation charge, Arvind reported net loss of Rs.27 crore in FY21. Consequently, debt coverage and return indicators deteriorated during FY21. To combat the impact of Covid-19, Arvind reduced its overhead costs by more than Rs.400 crore during FY21 which coupled with higher share of export revenue and favourable forex rate insulated profitability of Arvind to some extent. Management expects cost reduction of around Rs.100-125 crore to be structural in nature and sustainable in future which shall support its profitability going forward.

Continued low ROCE
Historically, the ROCE of the company had remained moderate which was further impacted due to Covid-19. Arvind had incurred a major capex towards the doubling of its garmenting facilities during FY18-FY20. While Arvind had made sizable investment towards setting-up garmenting facilities, the complete benefit of such investment has yet not accrued. The performance of garment segment was affected the most over the past three years ended FY21 due to slow ramp up in production, high pre-operative expenses associated with newly commissioned garmenting facilities and sub-optimal capacity utilization due Covid-19 pandemic. Such large capital investments in recent past along with moderation in its profitability led to further adverse impact on its ROCE; and it remained lower compared with many other large textile companies. However, with expectation of improvement in profitability and reduction in debt level, the ROCE of the company is expected to gradually improve to 14% in FY23 from sub 5% in FY21.

Delayed recovery due to impact of second wave of Covid-19 during Q1FY22; albeit expectation of improvement in performance from Q2FY22
The second wave of Covid-19 had put on hold the recovery of sales witnessed earlier during H2FY21 as sales were affected from the month of March 2021 onwards. The PBILDT margin during Q1FY22 remained lower on q-o-q basis due to lower sales volume coupled with higher input prices which the company could not immediately pass on to customers. Despite impact of second wave on its operations, Arvind could report break even at PBT level backed by benefits of structural cost reduction.
Arvind witnessed recovery in sales volume of denim fabric and woven fabric in June 2021 which remained in line with average sales volume in Q4FY21. With recovery in domestic demand post second wave of Covid-19, sales of woven fabric are expected to grow; albeit on lower base. Management expects sales volumes of all major segment of the company during Q2FY22 to be better than Q4FY21 and Q1FY22. Arvind has good order book position for products of advanced material division backed by strong market demand.

Vulnerability of operating margin to volatility in cotton prices and foreign exchange fluctuation
The key raw materials of the company are cotton and cotton yarn, the prices of which have remained volatile in the past. Furthermore, cotton price increased by around 50% from August 2020 to July 2021 on the back of recovery in demand for cotton and cotton yarn in domestic and international market and increase in international cotton prices. Apart from cotton, the prices of other key inputs like chemical and freight cost have also witnessed a sharp rise recently which may keep pressure on its margins in near to medium term. Though Arvind has increased selling price of its products in August 2021 to partially pass on increase in the input prices which shall provide some cushion to profitability.
Arvind also earns nearly 45%-50% of its revenue from the export market, whereas import on the other side is very low. Hence, Arvind is a net exporter and is exposed to adverse fluctuation in foreign currency exchange rates. The company

manages its currency risk by hedging a considerable amount of its net exposure which insulates it from volatile forex rates to a certain extent; however, any sudden and sharp appreciation of the INR against the USD can affect its profitability.

Impact of second wave of Covid-19 pandemic on the textile sector
The lockdown restrictions have largely remained more targeted and regionally focused in the second wave of Covid 19 vis-à-vis the national lockdown implemented last year, and thus, likely to have temporary impact. Despite impact in the demand for discretionary products due to second wave of pandemic-induced restrictions, sales of textile companies remained better in Q1FY22 on y-o-y basis due to strong export demand and relatively lower restriction as compared to last year. Furthermore, the companies are expected to be relatively better prepared to follow Covid-19 protocols, respond to restrictions and minimize loss of operations. Moreover, material shift witnessed towards online shopping also supports demand of textile products. The second wave of pandemic has put a hold on the recovery of sales witnessed in H2FY21 and delayed the recovery back to pre-Covid-19 levels till FY23. The demand for textile products is expected to improve gradually from Q2FY22 after some moderation in Q1FY22 due to second wave of Covid-19 on the back of continued favourable progress on the vaccination rollout front, opening of commercial establishments, pent-up demand and upcoming festive and wedding seasons. However, demand recovery is contingent upon the occurrence and extent of impact of third wave of Covid-19, if any.
Amidst Covid-19 pandemic, global brands have realized need to diversify their supply chain as a part of 'China Plus One' strategy. In near to medium term, some demand from US and EU market is expected to shift gradually from China to other major garment manufacturers including India to reduce dependence on China and thus diversify their sourcing.

Presence in cyclical denim fabric segment apart from competitive textile industry
The Indian denim fabric industry is cyclical in nature and has witnessed major slowdown at least twice over the past two decades leading to piling up of excess inventory on the back of significant capacity addition by denim fabric manufacturers and consequent pricing pressure on sales realization. Indian denim fabric manufacturing sector has more than 1.5 billion meter per year capacity. However, Arvind has not added any capacity in denim fabric over past 10 years and it is mainly engaged in high-value denim fabric with more than 50% of sales to the export market thereby being relatively less vulnerable as compared to many industry peers. Furthermore, textile is a cyclical industry and closely follows the macroeconomic business cycles. The prices of raw materials and finished goods are also determined by global demand-supply scenario, hence any shift in macroeconomic environment globally also impacts the domestic textile industry.

Analytical Approach: Consolidated. CARE Ratings has considered the consolidated financials of Arvind for its analytical purpose, which includes the financials of its subsidiaries/joint ventures (JVs), whereby it has operational linkages with most of them and they are engaged in the same textile value chain. *The list of entities whose financials have been consolidated in Arvind is mentioned in **Annexure-3**.*

Applicable Criteria
Policy on Withdrawal of rating
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology: Consolidation
Financial ratios – Non-Financial Sector
CARE's methodology for manufacturing companies
CARE's methodology for Cotton Textile companies
Liquidity Analysis of Non-Financial Sector Entities

About the Company
Arvind, the flagship company of the Ahmedabad-based Lalbhai group which was founded by the Late Mr Kasturbhai Lalbhai in 1931, is a diversified conglomerate having presence in textiles, branded apparel retailing, engineering, waste-water treatment plants and real estate businesses amongst others at a group level. Arvind is one of India's leading vertically-integrated textile companies with presence of more than eight decades in the industry. Arvind is amongst the largest denim and woven fabric manufacturers, with an installed capacity of 100 million meters per annum (MMPA) and 140 MMPA, respectively, as on March 31, 2021. Arvind also manufactures a range of cotton shirting, knits, bottom weights (Khakis) and technical textiles/advanced material. Arvind, through its subsidiary, AEL, is engaged in assembling and installation of waste-water treatment plants.

(Rs. Crore)

Brief Consolidated Financials	FY20 (A)	FY21 (A)
Total operating income (TOI)	7,403	5,098
PBILDT	745	503
PAT (Continuing operation)	92	(27)
Overall Gearing (times)	1.04	0.84
PBIDLT Interest coverage (times)	2.92	2.10

A: Audited

As per the un-audited (UA) consolidated results for Q1FY22, Arvind reported a net loss of Rs.11 crore on a total operating income (TOI) of Rs.1,449 crore as against a net loss of Rs.97 crore on a TOI of Rs.603 crore during Q1FY21 (UA).

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Covenants of rated instrument/facility: Detailed explanation of covenants of rated instruments: Please refer Annexure-4

Complexity level of various instruments rated for this company: Please refer Annexure-5

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Term Loan-Long Term	-	-	March 2027	1,124.45	CARE AA-; Negative
Fund-based - ST-PC/Bill Discounting	-	-	-	125.00	CARE A1+
Non-fund-based - ST-BG/LC	-	-	-	641.01	CARE A1+
Fund-based - LT/ ST-CC/PC/Bill Discounting	-	-	-	1148.32	CARE AA-; Negative/ CARE A1+
Debentures-Non Convertible Debentures (INE034A07059)	June 03, 2020	8.50%	June 02, 2023	75.00	CARE AA-; Negative
Debentures-Non Convertible Debentures (INE034A08032, INE034A08040 and INE034A08057)	-	-	-	0.00	Withdrawn

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.	Term Loan-Long Term	LT	1,124.45	CARE AA-; Negative	-	1)CARE AA-; Negative (29-Sep-20) 2)CARE AA-; Negative (25-May-20)	1)CARE AA-; Stable (20-Sep-19)	1)CARE AA; Stable (03-Dec-18)
2.	Fund-based - ST-PC/Bill Discounting	ST	125.00	CARE A1+	-	1)CARE A1+ (29-Sep-20) 2)CARE A1+ (25-May-20)	1)CARE A1+ (20-Sep-19)	1)CARE A1+ (03-Dec-18)
3.	Non-fund-based - ST-BG/LC	ST	641.01	CARE A1+	-	1)CARE A1+ (29-Sep-20) 2)CARE A1+ (25-May-20)	1)CARE A1+ (20-Sep-19)	1)CARE A1+ (03-Dec-18)
4.	Fund-based - LT/ ST-CC/PC/Bill Discounting	LT/ ST	1148.32	CARE AA-; Negative / CARE A1+	-	1)CARE AA-; Negative/ CARE A1+ (29-Sep-20) 2)CARE AA-; Negative/ CARE A1+ (25-May-20)	1)CARE AA-; Stable / CARE A1+ (20-Sep-19)	1)CARE AA; Stable / CARE A1+ (03-Dec-18)
5.	Debentures-Non Convertible Debentures	LT	75.00	CARE AA-; Negative	-	1)CARE AA-; Negative (29-Sep-20) 2)CARE AA-; Negative (25-May-20)	-	-

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
6.	Debentures-Non Convertible Debentures	LT	-	Withdrawn	-	1)CARE AA-; Negative (29-Sep-20) 2)CARE AA-; Negative (25-May-20)	1)CARE AA-; Stable (20-Sep-19)	1)CARE AA; Stable (03-Dec-18)
7.	Commercial Paper-Commercial Paper (Standalone)	ST	-	-	-	1)Withdrawn (15-May-20)	1)CARE A1+ (20-Sep-19)	1)CARE A1+ (03-Dec-18) 2)CARE A1+ (03-Jul-18)
8.	Commercial Paper-Commercial Paper (Carved out)	ST	-	-	-	-	1)Withdrawn (20-Sep-19)	1)CARE A1+ (03-Dec-18) 2)CARE A1+ (03-Jul-18)

Annexure – 3: List of subsidiaries and associates of Arvind getting 'consolidated'

Sr. No	Name of the company	Relationship with Arvind	% shareholding of Arvind as on March 31, 2021
1	Arvind Envisol Limited	Wholly owned subsidiary	100%
2	Arvind Internet Limited	Wholly owned subsidiary	100%
3	Arvind Sports Fashion Private Limited *(erstwhile Arvind Ruf & Tuf Private Limited)*	Wholly owned subsidiary	100%
4	Arvind Smart Textiles Limited	Wholly owned subsidiary	100%
5	Arvind BKP Berolina Private Limited	Wholly owned subsidiary	100%
6	Arvind Worldwide Inc.	Wholly owned subsidiary	100%
7	Brillaries Inc.	Wholly owned subsidiary	100%
8	Arvind Textile Mills Limited	Wholly owned subsidiary	100%
9	Arvind Lifestyle Apparel Manufacturing PLC	Wholly owned subsidiary	100%
10	Arvind Envisol PLC, Ethiopia	Wholly owned subsidiary	100%
11	Arvind Enterprises (FZE)	Wholly owned subsidiary	100%
12	Syntel Telecom Limited	Wholly owned subsidiary	100%
13	Westech Advance Materials Limited	Wholly owned subsidiary	100%
14	Arvind True Blue Limited	Subsidiary	87.50%
15	Arvind OG Nonwovens Private Limited	Subsidiary	76.72%
16	Arvind Niloy Exports Private Limited	Subsidiary	70%
17	Arvind Polser Engineered Composites Panels Private Limited	Subsidiary	60%
18	AJ Environmental Solutions Company	Subsidiary	60%
19	Arvind PD Composites Private Limited	Subsidiary	51%
20	Arvind Goodhill Suit Manufacturing Private Limited	Subsidiary	51%
21	Arvind Premium Retail Limited	Subsidiary	51%
22	Arya Omnitalk Wireless Solutions Private Limited	Subsidiary	50.06%
23	Maruti Ornet and Infrabuild LLP	Limited Liability Partnership	Not Available
24	Enkay Converged Technologies LLP	Limited Liability Partnership	Not Available
25	Arya Omnitalk Radio Trunking Services Private Limited	Joint Venture	50%
26	Arudrama Developments Private Limited	Joint Venture	50%
27	Arvind and Smart Value Homes LLP	Joint Venture	50%
28	Arvind Norm CBRN Systems Private Limited	Joint Venture	50%
29	Adient Arvind Automotive Fabrics India Private Limited	Joint Venture	50%
30	PVH Arvind Manufacturing PLC	Joint Venture	25%

Annexure-4: Key covenants of outstanding rated NCD

For NCD Issuance - INE034A07059	
A. Financial covenants	▪ Arvind to maintain Fixed Asset Coverage Ratio (FACR) of at least 1.25 times of the entire redemption amount throughout the tenure of NCD. Non maintenance of coverage will attract penal interest of 2% p.a. over the coupon rate for the period of non-compliance.
B. Non-financial covenants	▪ No Put/Call options ▪ In case of event of default or breach of any covenants (as enumerated in the term sheet of NCDs), the NCD shall become forthwith payable ▪ In addition to the above, upon the occurrence of an event of default, the debenture trustee shall have the right to: 1. Enforce any security created pursuant to the security documents in accordance with the terms thereof; and/or 2. Appoint a nominee director on behalf of all lenders of the Company; and/or 3. Exercise such other rights and remedies as may be available to the debenture trustee under applicable law and/or the financing documents

Annexure 5: Complexity level of various instruments rated for this Company

Name of the Instrument	Complexity Level
Debentures-Non Convertible Debentures (INE034A07059)	Complex
Fund-based - LT/ ST-CC/PC/Bill Discounting	Simple
Fund-based - ST-PC/Bill Discounting	Simple
Non-fund-based - ST-BG/LC	Simple
Term Loan-Long Term	Simple

Annexure 6: Bank Lender Details

Click here to view Bank Lender Details

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

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