Arvind Limited

October 10, 2022

Ratings

Facilities/ Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	778.80 (Reduced from ₹1,038.48 crore)	**CARE AA-; Stable (Double A Minus; Outlook: Stable)**	Reaffirmed
Long-term/Short-term bank facilities	1,373.00 (Enhanced from ₹1,148.32 crore)	**CARE AA-; Stable/CARE A1+ (Double A Minus; Outlook: Stable/ A One Plus)**	Reaffirmed
Short-term bank facilities	801.01 (Enhanced from ₹766.01 crore)	**CARE A1+ (A One Plus)**	Reaffirmed
Total bank facilities	**2,952.81 (₹ Two thousand nine hundred fifty-two crore and eighty-one lakh only)**		
Non-convertible debenture	**75.00 (₹ Seventy-five crore only)**	**CARE AA-; Stable (Double A Minus; Outlook: Stable)**	Reaffirmed
Commercial paper (Carved out) *	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

*Carved out of the sanctioned working capital limits of the company.

CARE Ratings Limited (CARE Ratings) has withdrawn the 'CARE A1+' (A One Plus) rating assigned to the commercial paper (CP) issue of Arvind Limited (Arvind) with immediate effect based on Arvind's request, and there being no CP outstanding as on date.

Detailed rationale and key rating drivers

The ratings of the bank facilities and instrument of Arvind continue to derive strength from the vast experience of its promoters in the textile business coupled with its long-standing operational track record as an integrated textile manufacturer having presence across the textile value chain with gradual diversification of its revenue mix towards technical textile/advanced material and readymade garment (RMG), thereby reducing its dependence on the cyclical denim fabric business to an extent. The ratings also factor its large scale of operations, healthy net worth base, continued reduction in debt level over last three years ended FY22 (refers to the period April 01 to March 31) aided by healthy cash flow from operations, and expectation of further reduction in debt level in FY23. The ratings also take cognisance of sharp recovery in the demand for textile products in FY22 backed by strong export demand, pent-up domestic demand aided by the festive and wedding season, and favourable progress on the vaccination rollout front resulting in its operational and financial performance remaining better than pre-COVID-19 level. CARE Ratings also takes cognisance of the improvement in its return on capital employed (ROCE) supported by improvement in profitability and reduction in debt level, and Arvind's plans to gradually monetise some of its available freehold land parcel near Ahmedabad towards further debt reduction in the medium term.

The above rating strengths are, however, tempered by moderate return ratio despite improvement, susceptibility of its profitability to the inherent volatility associated with cotton prices and foreign exchange rate fluctuation; and moderate working capital limit utilisation apart from high dependency on creditors to fund its working capital requirement leading to moderate total outside liabilities to tangible net worth (TOL/TNW). The presence in the cyclical denim fabric segment, which is currently witnessing moderation in the export demand on the back of very high cotton prices, and a competitive textile industry further constrain its ratings. The ratings also take cognisance of the risk associated with adherence to stringent pollution control norms.

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 18% aided by improved performance across all its major business segments.
- Significant debt reduction leading to improvement in debt coverage indicators with total debt/ PBILDT below 1.50x on a sustained basis along with availability of significant liquidity cushion.
- Improvement in its TOL/TNW to below unity on a sustained basis.

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

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

- Decline in its profitability resulting in moderation in its debt coverage indicators with total debt/ PBILDT moving above 3.50x on a sustained basis.
- Elongation in its operating cycle adversely affecting its cash flow from operations and liquidity on a sustained basis.
- Availing debt towards development of its real estate project for monetisation of its large land parcel in the future.

Detailed description of the key rating drivers

Key rating strengths

Vast 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 Sanjay Lalbhai (Chairman and Managing Director), having a total experience of around four decades in the textile industry. Furthermore, his sons, Punit Sanjay Lalbhai and Kulin Sanjay Lalbhai, are also on the Board of the company as Executive Directors. Jayesh Shah, whole-time Director and group CFO, is a Chartered Accountant with total work experience of nearly three decades and looks after the strategic function of the group. Swayam Saurabh, CFO of Arvind, is a Chartered Accountant with total work experience of over two decades and looks after the finance function. Furthermore, Arvind's Board comprises 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 operations 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 and cotton shirting fabrics and is amongst the largest producers of these fabrics 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, the revenue stream of Arvind is also geographically diversified with exports constituting nearly 50% of its consolidated revenue in past two years ended FY22. However, the export sales volume are expected to decline in FY23 due to higher inflationary pressure in Europe and USA along with higher inventory at customers' end, which is expected to be partially offset by the increase in domestic sales volume coupled with shift in sourcing from China by Arvind's overseas customers.

Recovery in performance of textile business aided by diversified product-mix: The textile segment of Arvind contributes over 80% of its 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, the revenue share of denim and woven fabrics, which had declined during FY21 due to impact of the pandemic, witnessed significant increase in FY22. The PBILDT margin from denim fabric declined during FY22 due to significant increase in the cotton prices, while that of woven fabric remained largely stable. The PBILDT in absolute terms increased across both denim and woven fabric. Furthermore, its garmenting business segment, which hardly had any contribution to overall PBILDT of the company in FY21, witnessed turnaround in FY22 and Q1FY23 supported by ramp-up in the production and various Government incentives, leading to significant improvement in the segment's PBILDT margin.

Segment	FY20		FY21		FY22		Q1FY23	
	Revenue	PBILDT	Revenue	PBILDT	Revenue	PBILDT	Revenue	PBILDT
Textile	6,320	630	3,998	426	6,627	724	1,976	192
Non-Textile	996	109	1,100	77	1,455	93	404	38

The performance of its non-textile business segment during FY22, was mainly supported by its advanced material business wherein PBILDT grew by over 30% on y-o-y basis. Moreover, management expects its advanced material division to grow at healthy double-digit rate in the medium term with largely stable profitability margin. However, the performance of its waste-water business continued to remain subdued in FY22. Despite growth in the revenue from waste-water business by over 10% during FY22 on a y-o-y basis, Arvind incurred an operating loss under its waste-water treatment business due to sharp increase in the raw material costs which could not be passed on to its customers due to fixed price nature of contracts. The management expects profitability of waste-water treatment business to normalise from FY23 onwards.

Significant improvement in revenue and profitability in FY22 and Q1FY23: The demand for textile products witnessed improvement from Q2FY22 onwards after some moderation in Q1FY22 due to impact of second wave of COVID-19 pandemic. It was supported by strong export demand as well as recovery in the domestic demand. With recovery in the demand for textile products, the operational and financial performance of Arvind during FY22 remained better than its pre-COVID-19 levels. The PBILDT of Arvind stood at ₹828 crore in FY22 as against average PBILDT of ₹809 crore during FY17-FY19. Despite inflationary

pressure and adverse impact of the second wave of the pandemic during Q1FY22, Arvind reported a PBIDLT margin of 10.28% during FY22. Arvind has been largely able to pass on increase in the input prices to the customers, which has supported its profitability. Furthermore, the profit after tax (PAT) and gross cash accruals (GCA) stood healthy during FY22 at ₹242 crore and ₹610 crore, respectively.
During Q1FY23, Arvind reported a total operating income (TOI) of ₹2,361 crore with PBILDT of ₹229 crore as against TOI of ₹1,449 crore and PBIDLT of ₹114 crore during Q1FY22. The improvement in the performance during Q1FY23 resulted in better debt coverage indicators compared with FY22. On an overall basis, the profitability margin of Arvind is expected to remain stable in FY23. The expected decline in the profitability margin of denim fabric business is likely to be compensated by expected improvement in profitability of garmenting business.

Continued reduction in debt level in FY22 backed by strong cash accruals and controlled capex: The total debt (excl. lease liability) of the company, which reduced by over ₹700 crore during March 2019-March 2021 further reduced by nearly ₹70 crore in FY22 despite increase in the working capital borrowing due to sharp increase in the cotton prices and increase in its scale of operations during the year. The reduction in debt level was supported by strong cash flow from operation and controlled capex spend. Consequently, its overall gearing improved to 0.74x as on March 31, 2022. However, with relatively more reliance on creditors, Arvind's TOL/TNW stood at a moderate level of 1.54x as on March 31, 2022. Going forward, the total debt is further expected to reduce in the absence of major capex plan in the medium term coupled with scheduled repayment of term debt. With improvement in profitability and reduction in debt level, the ROCE of the company improved from 4.56% in FY21 to 11.46% in FY22; albeit it remained at a moderate level. However, its ROCE is expected to gradually improve to 16% in FY25. Furthermore, its total debt to PBILDT, which had previously deteriorated to 4.64x in FY21 due to adverse impact of the pandemic, improved to 2.64x in FY22, and is further expected to improve to less than 2x by FY24.

Indian textile exporters expected to benefit from various initiatives of the government and 'China Plus One' sourcing strategy adopted by global textile brands: Export incentives play an important role in improving 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. The announcement of Remission of Duties and Taxes on Exported Products (RoDTEP) scheme coupled with extension of Rebate of State and Central Taxes and Levies (RoSCTL) till March 31, 2024, by the Government of India is expected to create a level-playing field for Indian textile exporters in the global market along with long-term visibility of the scheme.
Furthermore, amidst Covid-19 pandemic, global textile brands have realised the need to diversify their supply chain as a part of 'China Plus One' strategy, which has resulted in increase in the exports for the Indian textile sector. Arvind, with its significant presence in the export markets, has also benefitted from this. In near to medium term, some demand from the 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. Furthermore, various government initiatives such as PM Mega Integrated Textile Region and Apparel (PM MITRA) park, Production Linked Incentive (PLI), scheme, free trade agreements (FTAs) with key export markets are expected to support profitability and competitiveness of the Indian textile exporters.

Development of real estate project towards monetisation of its large land parcel: Arvind owns 525,000 square yard free-hold land in Gandhinagar district, near Ahmedabad. The company has decided to monetise the land by developing part of this land. Accordingly, 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 Phase – 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 ₹425 crore over FY21-FY26. The approximate cost of construction is around ₹200 crore, which is expected to be funded entirely through the customer advances with no reliance on the external debt as articulated by Arvind's management. 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 ₹331 crore (i.e., nearly 80% of the total saleable area under Phase – I to Phase – IV) and received the customer advance of around ₹154 crore up to March 31, 2022. Arvind plans to utilise proceeds from monetisation of land to reduce its debt level. However, the timely progress of the project and receipt of customer advances remains key monitorable.

Liquidity: Adequate

The liquidity of Arvind remains adequate marked by envisaged healthy cash accruals. The average utilisation of its fund-based working capital limits improved to a moderate level of around 82% during the trailing 12 months ended July 2022 (92% during trailing 12 months ended September 2021). Moreover, Arvind has relatively low term debt repayment obligation of ₹200-350 crore per annum during the next two years as against envisaged cash accruals in the range of ₹550-700 crore, indicating adequate cushion in its debt servicing. Furthermore, Arvind has a controlled annual capex plan of around ₹150-₹200 crore each during FY23-FY25. These steps are expected to provide cushion to its liquidity in the short term. Prudent deployment of short-term funds on a continuous basis would remain a key monitorable going forward.

Key rating weaknesses

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. Arvind procures majority of its raw material domestically. During May 2022, cotton price almost doubled from its March 2021 level on the back of strong 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, which may put pressure on its margins in near to medium term. Arvind has been increasing selling price of its products to partially pass on the increase in the input prices and protect its profitability, however, significant increase in the price could impact demand.
Arvind also earns nearly 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 the 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.
Furthermore, continuing high inflation and economic slowdown in its key export markets, i.e., Europe and USA can hinder India's textile exports in the near term, which could also impact Arvind.

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 realisation. The Indian denim fabric manufacturing sector has more than 1.5 billion metre per year capacity. Although Arvind has not added any capacity in denim fabric over past 10 years and is mainly focused on high-value denim fabric with more than 50% of the sales to the export market, thereby being relatively less vulnerable as compared to many industry peers, the recent slowdown in key export markets along with high cotton prices have led to fall in the PBILDT margins of Arvind's denim segment especially in Q1FY23. The denim segment of Arvind is likely to have subdued low single-digit margins in FY23. Furthermore, textile is a cyclical industry and closely follows the macroeconomic business cycles. The prices of the 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.

Risk associated with compliance of stringent pollution control norms: Being present in the textile industry, the operations of Arvind are subject to various environment-related regulatory compliances in a stringent manner. Also, pollution-related norms are evolving day-by-day in India. Accordingly, continuous adherence to defined pollution control norms are mandatory for seamless operations. Arvind is regularly incurring capex for compliance with defined pollution control norms and has not encountered any major adverse observations/closure notice from pollution control departments for a long period of time. Its plants at Ahmedabad and Bengaluru are well-equipped for effective treatment and discharge of effluents, such as waste-water, hazardous and non-hazardous waste. All the manufacturing facilities of Arvind are equipped with fully zero liquid discharge (ZLD).

Environment, Social and Governance (ESG) assessment

Parameter	Compliance and action by the company
Environment	▪ All manufacturing plants are Zero Discharge of Hazardous Chemicals (ZDHC). Naroda facility (Ahmedabad, Gujarat) of the company became the first denim mill globally to achieve ZDHC Level-1. ▪ More than 40% cotton comes from sustainable sources. ▪ Recycled 1.8 billion litres of sewage water in FY22 in denim division. ▪ Around 25% of sustainable energy source supported by one of the largest rooftop solar projects (16.2 MW) in India and investments in 47-MW hybrid project.
Social	▪ Arvind has invested ₹4.2 crore for sustainable agriculture projects to engage over 80,000 farmers. Arvind has 160 agri-professionals to support capacity building of the farmers. ▪ Arvind has tie-up with 'Textile Genesis' to offer blockchain based end-to-end traceability of its denim. ▪ Arvind has supplier code of conduct, and it familiarises suppliers about the same. Arvind also has a portal where suppliers can post complaints and grievances.
Governance	▪ Arvind has Board diversity policy, and its Board of Directors consist over 50% independent directors (5 out of 9). ▪ There are separate Code of Conduct for Board Members and senior management personnel. ▪ Various policies, including whistle blower policy, is in place in line with the requirement.

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 Ratings
Criteria on assigning 'outlook' and 'credit watch' to credit ratings
CARE's policy on default recognition
Financial ratios – non-financial sector
Criteria for short-term instruments
Rating Methodology: Consolidation
Rating Methodology - Manufacturing Companies
Liquidity analysis of non-financial sector entities
Rating Methodology for Cotton Textile Manufacturing

About the company

Arvind, the flagship company of the Ahmedabad-based Lalbhai group, which was founded by the Late 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 metres per annum (MMPA) and 150 MMPA, respectively, as on March 31, 2022. Arvind also manufactures a range of cotton shirting, knits, bottom weights (Khakis) and technical textiles/advanced material.

Brief Financials – Consolidated (₹ crore)	FY21 (A)	FY22 (A)	Q1FY23 (UA)
Total operating income	5,082	8,051	2,361
PBILDT	487	828	229
PAT	(27)	242	102
Overall gearing (times)	0.84	0.74	NA
PBILDT Interest coverage (times)	2.03	4.20	5.66

A: Audited, UA: Unaudited; NA: Not available; Financials have been classified as per CARE Ratings' standards

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-4

Complexity level of various instruments rated for this company: 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 along with Rating Outlook
Term loan-Long term	-	-	-	31/03/2027	778.80	CARE AA-; Stable
Fund-based - ST-PC/Bill Discounting	-	-	-	-	125.00	CARE A1+
Non-fund-based - ST-BG/LC	-	-	-	-	676.01	CARE A1+
Fund-based - LT/ ST-CC/PC/Bill Discounting	-	-	-	-	1373.00	CARE AA-; Stable / CARE A1+
Debentures-Non-convertible debentures	INE034A07059	03-06-2020	8.50	02-06-2023	75.00	CARE AA-; Stable
Commercial paper-Commercial paper (Carved out)	Not applicable*	-	-	-	0.00	Withdrawn

* There is no CP outstanding

Annexure-2: Rating history for the 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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Term loan-Long term	LT	778.80	CARE AA-; Stable	-	1)CARE AA-; Stable (07-Jan-22) 2)CARE AA-; Stable (23-Nov-21) 3)CARE AA-; Negative (07-Sep-21)	1)CARE AA-; Negative (29-Sep-20) 2)CARE AA-; Negative (25-May-20)	1)CARE AA-; Stable (20-Sep-19)
2	Fund-based - ST-PC/Bill Discounting	ST	125.00	CARE A1+	-	1)CARE A1+ (07-Jan-22) 2)CARE A1+ (23-Nov-21) 3)CARE A1+ (07-Sep-21)	1)CARE A1+ (29-Sep-20) 2)CARE A1+ (25-May-20)	1)CARE A1+ (20-Sep-19)
3	Non-fund-based - ST-BG/LC	ST	676.01	CARE A1+	-	1)CARE A1+ (07-Jan-22) 2)CARE A1+ (23-Nov-21) 3)CARE A1+ (07-Sep-21)	1)CARE A1+ (29-Sep-20) 2)CARE A1+ (25-May-20)	1)CARE A1+ (20-Sep-19)
4	Fund-based - LT/ ST-CC/PC/Bill Discounting	LT/ ST	1373.00	CARE AA-; Stable / CARE A1+	-	1)CARE AA-; Stable / CARE A1+ (07-Jan-22) 2)CARE AA-; Stable / CARE A1+ (23-Nov-21) 3)CARE AA-; Negative / CARE A1+ (07-Sep-21)	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)
5	Debentures-Non-convertible debentures	LT	75.00	CARE AA-; Stable	-	1)CARE AA-; Stable (23-Nov-21) 2)CARE AA-; Negative (07-Sep-21)	1)CARE AA-; Negative (29-Sep-20) 2)CARE AA-; Negative (25-May-20)	-
6	Debentures-Non-convertible debentures	LT	-	-	-	1)Withdrawn (07-Sep-21)	1)CARE AA-; Negative (29-Sep-20) 2)CARE AA-; Negative (25-May-20)	1)CARE AA-; Stable (20-Sep-19)
7	Commercial paper-Commercial paper (Carved out)	ST	-	Withdrawn	-	1)CARE A1+ (28-Jan-22)	-	-
8	Commercial paper-Commercial paper (Standalone)	ST	-	-	-	-	1)Withdrawn (15-May-20)	1)CARE A1+ (20-Sep-19)
9	Commercial paper-Commercial paper (Carved out)	ST	-	-	-	-	-	1)Withdrawn (20-Sep-19)

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, 2022
1	Arvind Envisol Limited	Wholly-owned subsidiary	100%
2	Arvind Internet Limited	Wholly-owned subsidiary	100%
3	Arvind True Blue 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	Arvind Textile Mills Limited	Wholly-owned subsidiary	100%
8	Arvind Lifestyle Apparel Manufacturing PLC	Wholly-owned subsidiary	100%
9	Arvind Envisol PLC, Ethiopia	Wholly-owned subsidiary	100%
10	Syntel Telecom Limited	Wholly-owned subsidiary	100%
11	Westech Advance Materials Limited	Wholly-owned subsidiary	100%
12	Arvind Norm CBRN Systems Private Limited	Wholly-owned subsidiary	100%
13	Arvind Sports Fashion Private Limited *(erstwhile Arvind Ruf & Tuf Private Limited)*	Subsidiary	90%
14	Arvind Goodhill Suit Manufacturing Private Limited	Subsidiary	90%
15	Arvind OG Nonwovens Private Limited	Subsidiary	76.72%
16	Arvind Enterprises (FZE)	Subsidiary	73.40%
17	Arvind Niloy Exports Private Limited	Subsidiary	70%
18	Arvind Polser Engineered Composites Panels Private Limited	Subsidiary	60%
19	AJ Environmental Solutions Company	Subsidiary	60%
20	Arvind PD Composites 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	Adient Arvind Automotive Fabrics India Private Limited	Joint venture	50%
29	Clean Max Kratos Private Limietd	Joint venture	26%
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

Sr. No.	Name of Instrument	Complexity Level
1.	Debentures-Non-convertible debentures (INE034A07059)	Complex
2.	Fund-based - LT/ ST-CC/PC/Bill Discounting	Simple
3.	Fund-based - ST-PC/Bill Discounting	Simple
4.	Non-fund-based - ST-BG/LC	Simple
5.	Term loan-Long term	Simple
6.	Commercial paper-Commercial paper (Carved out)	Simple

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Annexure-6: Bank lender details for this company

To view the lender wise details of bank facilities please click here

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