

Benetton India Private Limited

September 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	180.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BBB; Stable

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) had, vide its press release dated April 01, 2025, placed the rating of Benetton India Private Limited (BIPL) under the 'issuer non-cooperating' category as BIPL had failed to provide information for monitoring of the rating. BIPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and an email dated September 09, 2025. In line with the extant SEBI guidelines, CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

The rating downgrade is in line with Securities and Exchange Board of India (SEBI)'s circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/2 dated January 03, 2020, regarding strengthening of the rating process in respect of issuer non-cooperation (INC) ratings. Accordingly, from July 01, 2020, CareEdge Ratings has implemented a process to review and downgrade any investment grade INC rating to non-investment grade with INC status, if the issuer has all outstanding ratings as non-cooperative for over six months.

Rating has also been downgraded due to CareEdge Ratings' inability to conduct a proper review in the absence of adequate information. Further, the assigned rating is constrained by intense competition due to the presence of multiple brands in the apparel segment, working capital-intensive nature of operations, and moderate financial risk profile. However, rating derives strength from the experience and long track record of its parent entity Benetton Group S.r.l. (Benetton Group or the Parent), continued need-based financial support provided by its ultimate parent entity Edizione S.p.A. (Edizione or the Ultimate Parent), widespread distribution network, and the established brand name of "United Colors of Benetton" in the global fashion industry.

Analytical approach: Standalone while factoring support from its parent Benetton Group and ultimate Parent Edizione.

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating on April 01, 2025, the following were the rating strengths and weaknesses.

Key weaknesses

Inherent working capital-intensive operations

The working capital cycle of the company remains elongated at 117 days for FY24 (March 2023:115 days) as the widespread dealers and EBOs continues to necessitate holding large inventory to cater to demand for wide range of product design which results in high inventory days. Further, the debtor's realization happens only after clearance of channel inventory to end consumers in the retail model leading to debtor days of 43 days during FY24 (PY: 40 days). Therefore, the working capital cycle will continue to remain elongated in near to medium term. The company mainly receives a high credit period from the suppliers due to its established brand name leading to creditor days of 55 days (PY: 56 days) as on March 31, 2024.

Intense competition and susceptibility to volatile raw material prices

BIPL continues to face intense competition from other lifestyle apparel brands like U.S. Polo, H&M, Zara, Pepe Jeans, Indian Terrain, etc. and it is also inherently vulnerable to changes in fashion trends, consumer spending habits as well as economic

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

cycles. BIPL needs to employ effective localization strategies, understand the nuanced preferences of Indian consumers, and offer a compelling value proposition to maintain and expand its market presence in India.

Further, high royalty payments and purchase of finished goods instead of own manufacturing led to pressure on their PBILDT margin as the company continues its focus on retail segment. However, BIPL continues to remain a key player in the premium semi-casual wear segment in the country due to its established brands.

Moderate financial risk profile of BIPL

The financial risk profile of the company remains moderate marked by overall gearing of 1.61x (CY21: 0.86x) as on March 31, 2023, mainly on account of increase in working capital loans repayable within 12 months. The same are backed by corporate guarantee from the parent. Further, debt protection metrics have been subdued due to losses in the past five years. The PBILDT interest coverage ratio stood weak at 0.87X in FY24. However, the capital structure, though battered by consistent operating losses, has been supported by equity infusion by the parent on need basis.

Key strengths

Experienced and resourceful promoters

Benetton India Private Limited (BIPL) is the Indian subsidiary of Italy based Benetton Group. The parent company provides technical and managerial support by directing brand strategies, overseeing product design, managing manufacturing processes for the Indian entity. Benetton Group is one of the largest fashion companies in the world, present in more than 120 countries with a network of about 4000 stores. The parent actively engages in decision making processes, and BIPL's management includes individuals from the parent company. The CFO of the company, Mr. Lars Nielsen, has an experience of about two decades. India, with its substantial young population, has become a strategic target market for Benetton Group. The parent has also provided Corporate Guarantee in all bank facilities availed by the company.

Additionally, the company receives need-based financial assistance from its ultimate parent, Edizione, which is channelled through the immediate parent, Benetton Group. Edizione is a private investment holding company based in Italy. It is the Benetton family's financial arm and is renowned for its diverse portfolio in various sectors such as infrastructure, real estate, food and beverage, retail, and agriculture. Since 2017, the parent has infused over Rs 330 crore into the company, covering losses and supporting expansion initiatives.

Steady scale of operations albeit with moderate profitability

BIPL's total operating income stood at Rs 773 crore for FY24 as against Rs 925 crore for 15 month period ending March 2023. The scale in CY23 was aided by pent-up demand and return to normalcy from the pandemic-induced disruptions. The company changed its reporting period from calendar year to financial year during FY23 in line with requirements of Companies Act, 2013. Additionally, the operating margins of the company have remained negative for the past few years due to high discounts offered to push sales amidst intense competition vying for additional share of the pie. However, on account of rationalisation of inventory by reducing the number of designs offered, shifting to contract based manufacturing, and opening up of stores in location with better profit potential along with improvement in topline, the PBILDT margin improved to 2.73% in 15-month ended March 2023 and it stood low at 1.69% in FY24. The same is expected to improve further on account of closure of loss-making manufacturing plant and better control exercised on pricing and inventory management via franchisee stores and retail stores.

Diversified geographical presence with increased focus on retail model

BIPL undertakes wholesale and retailing for the United Colours of Benetton (UCB) brand. These products are sold through exclusive stores which are either EBOs i.e. exclusive brand outlets through company operated stores and franchisee stores, SIS i.e. stores in stores, exclusive counters/ sections for UCB products in stores like Shoppers Stop, Lifestyle, Central mall, Pantaloons, etc. and Outlet stores (discount stores for UCB products). It sells readymade garments and accessories of UCB brand to Franchisee stores largely on Sale or Return (SOR) basis. The company has more than 900 stores across the country as of December 31, 2023. However, post covid pandemic, the company have shifted to a retail model wherein the company is able to better control its inventory and pricing strategy by entering into management contract with its partners.

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Retail](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Services	Retailing	Diversified Retail

Benetton India Private Limited is a wholly owned subsidiary of Italy based Benetton Group SRL. BIPL is engaged in selling the casual and fashion apparel clothing under the "United Colours of Benetton (UCB)" brand in India. BIPL has 924 stores located across the country. Out of which, 408 stores are management contract stores (Partners oversee the operations but Benetton controls inventory), 463 are franchisee partnerships and 53 are company owned- company operated (Coco) retail stores. The company receives managerial, technical and need-based financial support from its Parent and Ultimate Parent located in Italy.

Brief Financials (₹ crore)	March 31, 2023 (A)*	March 31, 2024 (A)
Total operating income	925.03	773.12
PBILDT	23.02	13.10
PAT	9.94	90.35
Overall gearing (times)	1.61	0.68
Interest coverage (times)	1.64	0.87

A: Audited; Note: these are latest available financial results

*Refers to the 15-month period from January 2022 to March 2023.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Working Capital Limits		-	-	-	180.00	CARE BB+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Working Capital Limits	LT	180.00	CARE BB+; Stable; ISSUER NOT COOPERATING *	1)CARE BBB; Stable; ISSUER NOT COOPERATING * (01-Apr-25)	1)CARE BBB+; Stable (19-Apr-24)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Working Capital Limits	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

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

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