CareEdge RATINGS

Bewakoof Brands Private Limited

October 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	20.00	CARE A-; Stable	Reaffirmed and removed from Rating Watch with Developing Implications; Stable outlook assigned
Long-term / Short-term bank facilities	20.00	CARE A-; Stable / CARE A2+	Reaffirmed and removed from Rating Watch with Developing Implications; Stable outlook assigned
Short-term bank facilities	10.00	CARE A2+	Reaffirmed and removed from Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Bewakoof Brands Private Limited (BBPL) has been removed from Rating Watch with Developing Implications while reaffirming the rating and assigning "Stable" outlook.

This rating action follows the completion of the Scheme of Arrangement between Aditya Birla Fashion and Retail Limited (ABFRL) and Aditya Birla Lifestyle Brands Limited (ABLBL), which was approved by the National Company Law Tribunal (NCLT) on April 22, 2025, with the final certified order filed with the Registrar of Companies on April 23, 2025. The effective date of the demerger is May 01, 2025, and the appointed date is April 01, 2024. Post-demerger, ABFRL retains the Pantaloons, Style-Up, Ethnic, Luxury, and Digital-first (TMRW) portfolios, while the Madura Fashion and Lifestyle business, including brands such as Louis Philippe, Van Heusen, Allen Solly, Peter England, American Eagle, Forever 21, Reebok, and Van Heusen Innerwear, has been transferred to ABLBL.

Reaffirmation of ratings assigned to bank facilities of BBPL continue to factor in its strong operational, managerial, and financial support from ultimate parent ABFRL.

BBPL holds strategic importance for ABFRL, which aims to build iconic digital-first brands, with BBPL playing a significant role. Ratings also consider the infusion of ₹261.10 crore (₹206.78 crore equity, ₹4.33 crore compulsorily convertible preference shares, ₹50 crore inter-corporate deposits) by Aditya Birla Digital Fashion Ventures Limited (ABDFVL) (subsidiary of ABFRL) into BBPL, apart from ~₹109 crore directly paid to the erstwhile BBPL shareholders.

Following the demerger, ABFRL will focus on expanding its diverse portfolio, including strengthening its value retail segment, growing its ethnic portfolio, enhancing its presence in luxury, and scaling its digital brands division, which includes BBPL. Despite BBPL being loss-making, it is expected to breakeven in future, supported by ABFRL's strategic initiatives and funding support.

Ratings continue to draw strength from strong parentage being a step-down subsidiary of ABFRL and BBPL's experienced and qualified management team. However, ratings remain constrained by modest growth in scale of operations post FY20, continued operating losses, and exposure to changing consumer preferences, spending patterns, and fashion trends. Ratings are also constrained by inventory risk associated with the fashion industry, working capital intensive operations, intense competition from other players in the industry, and profit margins susceptible to volatile raw material prices.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantially and significantly scaling operations, with revenue remaining above ₹350 crore on a consistent basis, aided by improved performance, resulting in improving in its profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin to over 5%.
- Improving credit profile of ABFRL.

Negative factors

- No significant scaling up of operations and continued significant operating losses.
- Delaying financial support from parent impacting liquidity.
- Reducing stake of ABDFVL in the company and deteriorating credit profile of ABFRL.

Analytical approach:

Standalone and factoring operational, financial, and managerial linkages with its ultimate parent, ABFRL and expected need-based financial support to BBPL from its ultimate parent, ABFRL

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

Outlook: Stable
The Stable outlook reflects the expectation that BBPL will continue to derive operational and financial support from its parent, which is likely to drive gradual improvement in its business and financial risk profile over the medium term.

Detailed description of key rating drivers:

Key strengths

Strong operational, managerial, and financial support from the parent, ABFRL
Through its wholly owned subsidiary ABDFVL, Aditya Birla Fashion and Retail Limited (ABFRL) acquired 81.77% stake in BBPL on February 15, 2023. ABDFVL, operating under the brand TMRW, focuses on product and design innovation for Gen-Z and millennials, offering brands in segments such as athleisure, activewear, expressive wear, and accessories. TMRW's portfolio includes large, well-known brands and emerging small-to-midsized brands.

In 2024, TMRW expanded its portfolio significantly by launching new product lines, acquiring The Indian Garage Co., and investing in the brand WROGN. These brands are available on major e-commerce platforms and their own digital channels. This acquisition enables ABFRL to strengthen its presence in the direct-to-consumer (D2C) segment by building a diverse portfolio of digital brands across fashion, beauty, and lifestyle segments. The synergy between ABFRL's extensive retail network and BBPL's digital-first approach is expected to drive growth and innovation, enhancing customer reach and engagement.

BBPL's financial flexibility improved following its strategic partnership with ABFRL. The experienced management team at ABFRL continues to drive growth in BBPL's revenues, solidifying ABFRL's position as a leading player in the branded apparel business. As a strategic decision to become an omnichannel brand with multiple customer touchpoints, BBPL ventured into the offline channel and opened 17 exclusive brand outlets (EBOs) till September 2025 in metro and tier I cities. The company's total operating income (TOI) is expected to increase in the medium term, backed by the planned retail store expansion and its digital presence.

Comfortable capital structure with equity infusion expected from the group as and when required
BBPL's financial risk profile reflects a comfortable capital structure due to equity infusions following its acquisition by ABDFVL, despite stressed debt coverage indicators. In FY25 (FY refers to April 01 to March 31), the company's overall gearing ratio deteriorated to 3.87x from 0.64x in FY24, primarily due to a significant increase in lease liabilities. This increase was driven by the company's strategic decision to expand its offline presence by opening multiple exclusive brand outlets (EBOs) across the country. While this move aims to enhance brand visibility and customer engagement, it has substantially increased financial leverage.

Since the acquisition, ABDFVL infused ₹261.10 crore (₹206.78 crore equity, ₹4.33 crore compulsorily convertible preference shares, ₹50 crore inter-corporate deposits) in BBPL to support its operations and growth, in addition to ₹109 crore paid directly to BBPL's former shareholders. The Aditya Birla Group has continued to support the company through timely unsecured inter-corporate deposits. In FY25, a total of 5,096 equity shares were issued upon conversion of these deposits—2,831 shares worth ₹25.01 crore on October 28, 2024, and 2,265 shares worth ₹20 crore on March 28, 2025—reflecting the group's strategic financial support and commitment to strengthening BBPL's capital structure.

Key weaknesses

Modest growth in scale of operations post FY20 and continued operating losses
BBPL's TOI increased by 7.53% to ₹172.97 crore in FY25 (FY refers to April 01 to March 31) from ₹160.86 crore in FY24, supported by rising brand recognition and a growing customer base. The scale of operations is expected to improve rapidly, driven by the category and brand-building expertise of Aditya Birla Fashion and Retail Limited (ABFRL). TOI increased by 29.54% year-on-year (y-o-y) for the quarter ended Q1FY26.

Over the past three financial years, the company has demonstrated growth in operational scale, supported by a gross margin exceeding 40%. However, rising employee-related and marketing expenses on account of offline expansion and brand building have contributed to continued operating losses.

Working capital intensive operations
BBPL's operations remain working capital intensive, with significant funds tied up in inventories. As an e-commerce business, BBPL needs to maintain a certain level of raw materials and finished products to meet immediate customer demand. Average inventory period increased to 154 days in FY25 (FY refers to April 01 to March 31), compared to 105 days in FY24 and 80 days in FY23, due to an increase in the company's scale of operations. BBPL also has a high level of debtors, as 65-70% of orders are executed through cash on delivery and sold through marketplaces with extended collection periods. Suppliers provide a credit period of two-three months, resulting in an average creditor period of 84 days in FY25. Despite these challenges, the company's average monthly utilisation of working capital limits remained moderate at 68% for 12 months ending June 2025.

Profit margins susceptible to volatile material prices
Raw material is the major cost driver, and the company remains particularly susceptible to fluctuations in material prices, which can significantly impact profit margins. Raw materials such as cotton, polyester and other textiles are subject to price volatility due to factors such as supply chain disruptions, geopolitical tensions and changes in demand. With limited ability to pass on

increasing raw material costs in a competitive operating spectrum, rising material prices lead to higher production costs, squeezing profit margins where these costs cannot be passed on to consumers through higher prices.

Presence in competitive and fragmented ecommerce industry
The e-commerce landscape remains highly competitive, with players ranging from established giants to emerging startups. BBPL can leverage its unique brand identity by focusing on trendy and affordable fashion targeting Gen-Z and millennials. Building a strong online presence through effective digital marketing, social media engagement and influencer collaborations can help capture and retain a loyal customer base. Offering a seamless and personalised shopping experience is crucial. Competitive pricing, frequent promotions and loyalty programmes can attract price-sensitive consumers. Maintaining a robust supply chain and efficient logistics will ensure timely delivery and customer satisfaction. By continuously innovating and adapting to market trends, BBPL can carve a niche in the crowded e-commerce space, driving growth and long-term success.

Exposed to changing consumer preferences, spending patterns, and changing fashion trends
Staying attuned to changing consumer preferences, spending patterns and fashion trends remains essential for BBPL to maintain its competitive edge. Rapid shifts in consumer tastes, driven by cultural trends and social media, require continuous monitoring and adaptation of product offerings. Economic conditions and disposable income levels also impact spending patterns, necessitating agile pricing strategies and promotions to attract and retain customers. Investing in trend forecasting, market research and collaborations will help BBPL anticipate and incorporate upcoming fashion trends into its collections. Leveraging technology such as data analytics and artificial intelligence is crucial for understanding consumer behaviour and making data-driven decisions. Enhancing the online shopping experience through personalised recommendations and efficient customer service will support customer satisfaction and loyalty. By being proactive and responsive to these factors, BBPL can navigate challenges posed by changing consumer preferences, spending patterns and fashion trends, ensuring sustained growth and success in the competitive fashion industry.

Liquidity: Adequate
Liquidity is considered adequate, supported by financial flexibility as a step-down subsidiary of ABFRL and part of the Aditya Birla Group. In the year ended March 31, 2025, the company issued a total of 5,096 equity shares upon conversion of inter-corporate deposits. This includes 2,831 equity shares issued on October 28, 2024, amounting to ₹25.01 crore, and 2,265 equity shares issued on March 28, 2025, amounting to ₹20 crore. CareEdge Ratings anticipates continued support from the Aditya Birla Group.

Average working capital utilisation stood at ~68% for 12 months ended June 2025. The operating cycle deteriorated to 103 days compared to 84 days in FY24 and 54 days in FY23 (FY refers to April 01 to March 31), mainly due to increased inventory days. The company maintained minimal cash and liquid investments of ₹0.15 crore as on June 30, 2025, with no external debt repayment obligations.

Applicable criteria

Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Cotton Textile
Retail
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles and apparels	Garments and apparels

Incorporated in 2011 by Prabhkirandeep Singh and Siddharth Munot, BBPL is engaged in online retailing of readymade garments, bags, footwear, mobile covers and other accessories through its website and mobile application (bewakoof.com) across India and through e-commerce platforms such as Amazon, Flipkart and Myntra. Siddharth Munot exited BBPL in 2019. The company procures plain unprinted T-shirts from vendors and prints designs at its unit in Bhiwandi, Thane.

On April 11, 2022, ABDFVL, a wholly owned subsidiary of ABFRL, was incorporated to foray into the direct-to-consumer (D2C) business with the objective of building a portfolio of distinct, new-age digital brands across categories in fashion, beauty and other allied lifestyle segments through organic and inorganic routes. In last two years, ABDFVL has established a portfolio of eight brands across multiple large and growing categories such as kidswear, denim wear, casual wear, western wear and athleisure by acquiring controlling stakes in Awesome Fab Shopping Private Limited, Imperial Online Services Private Limited, Pratyaya E-Commerce Private Limited, NautiNati, The Indian Garage Company and BBPL.

Standalone Financials	March 31, 2024 (A)	March 31, 2025 (A)	June 30, 2025 (Prov.)
Total operating income	160.86	172.97	66.97
PBILDT	-93.09	-60.71	-17.89
PAT	-103.07	-73.21	-23.92
Overall gearing (times)	0.64	3.87	-
Interest coverage (times)	-16.86	-7.45	-5.72

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

About the ultimate parent company, ABFRL:
ABFRL boasts a diverse and well-established portfolio across multiple fashion segments. It includes Pantaloons, one of India's most popular fashion retail chains, and Style Up, a growing value retail format catering to budget-conscious consumers. ABFRL also operates The Collective, a premium multi-brand outlet with exclusive long-term partnerships with global fashion icons like Ralph Lauren, Hackett London, Ted Baker, and Fred Perry. In ethnic wear, ABFRL is a market leader with brands such as Jaypore, TASVA, and TCNS, and has forged strategic alliances with top Indian designers including Shantanu & Nikhil, Tarun Tahiliani, Sabyasachi, and House of Masaba. To tap into the digital-first consumer base, ABFRL is building a portfolio of tech-enabled, direct-to-consumer brands under its 'House of D2C Brands' venture, TMRW, positioning itself as a future-ready fashion powerhouse. As on June 30, 2025, the company has a network of 454 masstige and value retail stores, 645 ethnic brand stores, 44 luxury stores and 25 TMRW brand stores across ~7.4 million square feet across India.

Particular	March 31, 2024 (A) Restated	March 31, 2025 (A)	June 30, 2025 (UA)
Total operating income	6,441.49	7,354.74	1,831.46
PBILDT	408.48	716.53	111.67
PAT (After def Tax) from continuing and discontinued operations	(735.91)	(455.82)	(233.73)
Profit from discontinued operations	171.11	168.35	-
Overall gearing (times)	2.01	0.74	-
Interest coverage (times)	0.70	1.18	0.99

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

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-Cash Credit		-	-	-	20.00	CARE A-; Stable
Fund-based - ST-Line of Credit		-	-	-	10.00	CARE A2+
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	20.00	CARE A-; Stable / CARE A2+

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-Term Loan	LT	-	-	-	-	1)Withdrawn (16-Feb-24)	1)CARE B; Stable; ISSUER NOT COOPERATING* (04-Jan-23)
2	Fund-based - LT-Cash Credit	LT	20.00	CARE A-; Stable	1)CARE A- (RWD) (07-Apr-25)	1)CARE A- (RWD) (30-Apr-24)	1)CARE A-; Stable (16-Feb-24)	1)CARE B; Stable; ISSUER NOT COOPERATING* (04-Jan-23)
3	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (16-Feb-24)	1)CARE B; Stable; ISSUER NOT COOPERATING* (04-Jan-23)
4	Fund-based - LT-Cash Credit	LT	-	-	-	-	1)Withdrawn (16-Feb-24)	1)CARE B; Stable; ISSUER NOT COOPERATING* (04-Jan-23)
5	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	20.00	CARE A-; Stable / CARE A2+	1)CARE A- / CARE A2+ (RWD) (07-Apr-25)	1)CARE A- / CARE A2+ (RWD) (30-Apr-24)	1)CARE A-; Stable / CARE A2+ (16-Feb-24)	-
6	Fund-based - ST-Line of Credit	ST	10.00	CARE A2+	1)CARE A2+ (RWD) (07-Apr-25)	1)CARE A2+ (RWD) (30-Apr-24)	1)CARE A2+ (16-Feb-24)	-

*Issuer did not cooperate; based on best available information.
LT: Long term; ST: Short 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-Cash Credit	Simple
2	Fund-based - ST-Line of Credit	Simple
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated: Not applicable

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.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Pulkit Agarwal Director **CARE Ratings Limited** Phone: +91-22-6754 3505 E-mail: pulkit.agarwal@careedge.in
Relationship Contact Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in	Sonal Bhageria Associate Director **CARE Ratings Limited** Phone: +91-22-6754 3631 E-mail: Sonal.Bhageria@careedge.in Sarthak Jindal Analyst **CARE Ratings Limited** E-mail: Sarthak.jindal@careedge.in

About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

For detailed Rating Report and subscription information, please visit www.careratings.com