

## Iconic Fashion Retailing Private Limited

April 10, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	83.21	CARE BBB; Stable	Upgraded from CARE BBB-; Stable
Long-term / Short-term bank facilities	2.00	CARE BBB; Stable / CARE A3	LT rating upgraded from CARE BBB-; Stable and ST rating reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

For analytical purposes, CARE Ratings Limited (CareEdge Ratings) has taken a combined view of Samarth Lifestyle Retailing Private Limited (SLRPL) and Iconic Fashion Retailing Private Limited (IFRPL), collectively referred to as the Iconic Group.

Upgrade in ratings factors in improvement in the group's capital structure reflected by consistent reduction in debt levels led by repayment of term loans in FY25 (FY refers to April 01 to March 31), resulting in improvement in debt coverage indicators including debt service coverage indicators (DSCR). Ratings also factor in strengthening net worth supported by subordinated unsecured loans from promoters, treated as quasi equity per CareEdge Ratings' policy. Ratings also consider experienced promoters, diversified retail formats (exclusive and multi-brand outlets), and a broad brand portfolio with presence across multiple geographies. The group reported stable scale of operations in FY25, with improvement in margins supported by store rationalisation, better product mix and improved store productivity.

However, ratings continue to be constrained by working capital intensive operations, reflected in high inventory levels and an elevated operating cycle, and high utilisation of working capital limits, indicating limited liquidity buffer. The business is also exposed to competitive intensity and inventory risk associated with change in the taste and preference of the customer, which may impact demand and inventory realisations.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Significant increase in total operating income (TOI) with profit before interest, lease rentals, depreciation and taxation (PBILDT) margins above 10% on sustained basis.
- Significantly improving total debt to PBILDT (TD/ PBILDT) below 2.50x on a sustained basis.
- Improvement in liquidity position.

#### Negative factors

- Decline in TOI or deterioration in PBILDT margins of the group below 6% on a sustained basis.
- Weakening PBILDT interest coverage indicator below 2x on a sustained basis.
- Elongation in operating cycle resulting in weakening liquidity position.

### Analytical approach: Combined

For analytical purposes, CareEdge Ratings has considered a combined view of the group entities SLRPL and IFRPL, as both are in similar lines of business, have common promoters, are under common management control and have operational linkages. As articulated by the management, entities will support each other at the time of distress. Entities combined, and extent of consolidation listed under Annexure-6.

### Outlook: Stable

The 'Stable' outlook reflects CareEdge Ratings belief that the group will sustain steady growth in its scale of operations with maintaining profitability owing to experienced promoters, its association with international brands of different companies and diversified geographical presence.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Detailed description of key rating drivers:****Key strengths****Experienced promoters and qualified key managerial personnel**

The group is led by experienced promoters with established presence in the retail industry. Pawan Khandelwal, Director, is a Chartered Accountant with over two decades of experience, while Kailash Chand Gupta has been associated with the retail business for around three decades. Promoters are supported by an experienced management team handling key functions such as finance, operations and sourcing, providing continuity and operational stability.

**Diversified business model with established retail presence across formats, brands and geographies**

The group has an established presence in organised fashion retail through SLRPL (exclusive brand outlets) and IFRPL (multi-brand outlets including own brands namely), providing diversification across formats and customer segments. As on January 31, 2026, the group operated 82 stores (52 under SLRPL and 30 under IFRPL) with aggregate retail space of ~4.03 lakh sq. ft., with presence across multiple states with key concentration in Rajasthan, NCR and Gujarat.

The two formats operate with distinct operating characteristics, where SLRPL's smaller-format exclusive stores exhibit healthy revenue per sq. ft. (₹45,848 in 10MFY26 - annualised), while IFRPL operates larger format stores (4–5x size of SLRPL) focused on wider brand offerings and customer experience, despite with relatively lower sales density with revenue per sq. ft. (₹9,717 in 10MFY26 – annualised). This provides a balance between store productivity and scale-led revenue growth.

The group has a diversified brand portfolio of ~57 brands (increased from 42 brands), comprising international, domestic and private labels. SLRPL holds master franchise / all-India rights for select brands such as GANT and True Religion, while IFRPL offers a mix of third-party and own brands including Iconic, Blue Giraffe, Harsam, Centre Stage and Butterfly Blush. Presence of own brands and exclusive arrangements supports margin profile, while non-exclusive brands provide product variety and revenue stability.

The business is supported by a flexible sourcing and operating model, including buy/sell, consignment and franchise-led arrangements. Consignment and return-based arrangements help mitigate inventory risk, while franchise-led expansion model supports store growth with lower capital requirement and reduced fixed cost burden. Online sales contribution (~15–17%) and presence through own platforms enhance reach and support omnichannel growth.

Overall, the group's diversified format, brand mix, geographical presence, and improving store productivity and asset-light expansion strategy, provide operational flexibility and support revenue stability.

**Stable scale of operations with improved profitability in FY25**

The group's income from operations remained largely stable at ₹557.03 crore in FY25 against ₹560.83 crore in FY24, reflecting steady demand. Despite stable scale, profitability improved, with PBILDT margin increasing to 9.12% in FY25 from 8.33% in FY24. Improvement is driven by rationalisation of underperforming stores and brands, improved product mix and higher contribution from premium and own brands. This is reflected in improvement in combined revenue per square feet to ₹17,170 in FY25 from ₹16,640 in FY24, indicating better store-level productivity. Expansion in brand portfolio and increasing presence of own brands also supported operational performance. In 10MFY26, the group reported income from operations of ₹495.23 crore, higher than ₹469.75 crore in 10MFY25, indicating growth in scale. However, PBILDT margins moderated in , primarily impacted by GST rate revisions and expansion-related factors, impacting combined revenue per square feet to fall to 15,745 (annualised) for 10MFY26. Going forward, the group's ability to sustain growth in revenue and profitability, leading to improvement in gross cash accruals (GCA), will remain a key monitorable.

**Comfortable capital structure and improving debt coverage indicators**

The group's capital structure improved and remained comfortable, with overall gearing improving to 0.86x as on March 31, 2025, from 1.50x as on March 31, 2024, driven by a reduction in total debt and accretion to reserves. Capital structure is further supported by subordination of unsecured loans (USL) from promoters, which are treated as quasi equity in line with sanction terms and CareEdge Ratings' policy. Accordingly, net worth strengthened to ₹166.85 crore as on March 31, 2025 (previous year: ₹123.08 crore), supporting improvement in leverage indicators.

Debt coverage indicators improved in the year, supported by reduction in debt and steady operating performance. Total debt (TD) to PBILDT improved to 2.82x in FY25 from 3.94x in FY24, while interest coverage improved to 2.27x in 10MFY26 (FY25: 1.74x), aided by lower interest costs. Improvement in coverage indicators is largely driven by reduction in term debt, with term

debt to PBILDT improving to 0.82x in FY25 (previous year: 1.78x) and term debt to GCA improving to 2.01x (previous year: 4.34x), indicating comfortable servicing capacity for long-term obligations.

However, coverage indicators factoring in total debt continue to remain moderate, as reflected in TD/GCA of 6.87x in FY25, indicating continued dependence on sustained cash accrual generation. Going forward, supported by stable cash accruals, controlled debt levels, and continued promoter support, the group is expected to maintain gearing below unity and witness gradual improvement in overall coverage indicators in the medium term; however, sustaining profitability and disciplined leverage will remain key monitorable.

## **Key weaknesses**

### **Working capital intensive operations**

The group's operations remain working capital intensive, primarily due to high inventory requirements across multiple brands and store formats. Given the nature of the fashion retail industry, maintaining adequate and diverse inventory is essential to support sales, resulting in elevated inventory holding levels. The inventory holding period remained high at ~200 days as on March 31, 2025, against 190 days as on March 31, 2024, reflecting continued requirement to stock a wide product range across stores. While inventory risk is partly mitigated through consignment and return-based arrangements for certain third-party brands, own brands and exclusive arrangements carry inherent inventory risk. Receivables increased in FY25, with average collection period rising to 26 days from 17 days in FY24, indicating relatively slower realisations. Although the business is largely retail-driven, receivables arise from online channels, franchise/revenue-sharing arrangements and institutional sales.

Working capital cycle remained elevated at ~139 days in FY25 (FY24: 128 days). Correspondingly, average fund-based working capital utilisation remained high at ~90.69% in February 2025 to January 2026, indicating limited headroom in bank limits. Going forward, the group's ability to improve inventory turnover, manage receivables efficiently and maintain adequate liquidity buffers will remain critical from a credit perspective.

### **Exposure to inventory risk in apparel retail operations**

The group's operations are exposed to inherent inventory risk due to its presence in the apparel retail segment, where demand is driven by evolving fashion trends and changing consumer preferences. As a significant portion of the group's revenue is derived from apparel, mismatch between inventory and prevailing trends could lead to slower inventory turnover and higher markdowns, impacting profitability. While the group mitigates this risk by procuring a substantial portion of inventory on a sale-or-return basis and following structured discounting strategies, including seasonal sales and periodic liquidation of slow-moving stock, risk of inventory obsolescence and margin impact cannot be fully eliminated. Accordingly, inventory management efficiency and alignment with consumer demand will remain key monitorable in the near-to-medium-term.

### **Intense competition and exposure to changing fashion trends**

The apparel retail industry is characterised by high fragmentation and intense competition, with presence of large, organised players, international brands, regional retailers and online platforms. Competition is further intensified by expansion of global brands and increasing penetration of e-commerce, leading to pricing pressure and higher customer acquisition costs. The sector is also exposed to rapidly changing fashion trends and evolving consumer preferences, requiring continuous product refresh, effective inventory management and timely merchandising decisions. Delay in aligning product offerings with market trends may impact sales and inventory realisations. While the group demonstrated stable scale of operations and improving profitability over the years, its ability to maintain brand relevance, manage inventory efficiently and sustain store productivity in a competitive environment remains critical.

### **Liquidity: Adequate**

The group's liquidity position remains adequate, although characterised by tight cash flows in FY25, supported by promoter funding and expected improvement in accruals going forward. In FY25, the group reported GCA of ₹20.83 crore against repayment obligations of ₹29.06 crore. Shortfall was bridged through by infusion of USL from promoters. USL of ~₹83.79 crore is subordinated to bank loans, hence considered quasi equity, in line with CareEdge Ratings' policy. Per the management articulation, promoters are committed to infusing funds to meet debt repayment obligations, if required. Cash and liquid balances remained modest at ₹2.59 crore as on March 31, 2025, reflecting tight liquidity buffers. However, with significant repayment undertaken in FY25 and FY26, leading to reduction in term debt, repayment obligations are expected to be lower going forward. Coupled with expected improvement in accruals, the group is projected to generate adequate cash flows, with DSCR is expected to improve for the near-to-medium term. Overall, liquidity is expected to remain adequate, supported by improving accruals, lower debt obligations and continued promoter support, while efficient working capital management remains critical.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

### Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

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### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer services	Retailing	Distributors

**About the group:** The Iconic group operates through a combination of exclusive brand outlets and multi-brand outlets and has presence across multiple locations in India. As on January 31, 2026, the group operated 82 stores with aggregate retail area of ~4.03 lakh square feet, against 73 stores with 3.46 lakh square feet as on March 31, 2025. The group's total brand count also increased to 57 from 42 earlier, comprising own brands, brands under all-India rights and external brands.

**Iconic Fashion Retailing Private Limited (IFRPL)** was incorporated in 2011 by promoters and is engaged in retailing international and domestic branded apparels, footwear and accessories through its multi-brand outlets operated under the name 'ICONIC'. The company also retails products under its own private labels, including Iconic, Blue Giraffe, Harsam, Centre Stage and Butterfly Blush. As on January 31, 2026, IFRPL operated 30 MBOs with aggregate retail area of ~3.36 lakh square feet. The company also has online presence through its website and other digital channels.

**Samarth Lifestyle Retailing Private Limited (SLRPL)** is engaged in organised retailing of fashion products and primarily operates in the exclusive brand outlet format. The company retails reputed international brands in apparels and related categories through stores operated under the respective brand names. As on January 31, 2026, SLRPL operated 52 stores with aggregate retail space of ~0.67 lakh square feet. The company primarily follows a mix of buy/sell and consignment-based arrangements depending on brand tie-ups and product categories.

Brief Financials (₹ crore) – Combined	March 31, 2024 (UA)	March 31, 2025 (UA)	10MFY26 (UA)
Total operating income	560.83	557.03	495.23
PBILDT*	46.74	50.79	38.04
Profit after tax (PAT)	6.08	7.95	8.83
Overall gearing (x)	1.50	0.86	0.85
Interest coverage (x)	1.71	1.74	2.27

UA: Unaudited; Note: these are latest available financial results; Combined financials exclude inter-party transactions.

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

Brief Financials (₹ crore) – IFRPL (Standalone)	March 31, 2024 (A)	March 31, 2025 (A)	10MFY26 (UA)
Total operating income	315.32	319.45	272.79
PBILDT*	29.68	30.76	19.04
Profit after tax (PAT)	0.94	1.00	1.27
Overall gearing (x)	1.24	0.57	0.63
Interest coverage (x)	1.64	1.57	2.08

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

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**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		-	-	-	64.00	CARE BBB; Stable
Fund-based - LT-Term Loan		-	-	December 2030	19.21	CARE BBB; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	2.00	CARE BBB; Stable / CARE A3

#### 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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	64.00	CARE BBB; Stable	-	1)CARE BBB-; Stable (07-Apr-25)	1)CARE BBB-; Stable (05-Apr-24)	1)CARE BBB-; Stable (06-Apr-23)
2	Fund-based - LT-Term Loan	LT	19.21	CARE BBB; Stable	-	1)CARE BBB-; Stable (07-Apr-25)	1)CARE BBB-; Stable (05-Apr-24)	1)CARE BBB-; Stable (06-Apr-23)
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	2.00	CARE BBB; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (07-Apr-25)	1)CARE BBB-; Stable / CARE A3 (05-Apr-24)	1)CARE BBB-; Stable / CARE A3 (06-Apr-23)

LT: Long term; LT/ST: Long term/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 - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple

#### Annexure-5: Lender details

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

#### Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Samarth Lifestyle Retailing Private Limited	Full	Operational and financial linkages

**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](mailto:care@careedge.in) for clarifications.

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