

March 19, 2025

## Goodview Fashion Private Limited: [ICRA]A+(Stable) Rating assigned

### Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Overdraft	15.00	[ICRA]A+(Stable); Assigned
Long-term- Unallocated	10.00	[ICRA]A+(Stable); Assigned
<b>Total</b>	<b>25.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating assigned to the bank facilities of Goodview Fashion Private Limited (GFPL) factors in its strong operational and financial linkages with parent company, Aditya Birla Fashion and Retail Ltd (ABFRL). ICRA expects ABFRL to provide need-based funding to GFPL. The rating further draws strength from the strong established brand name of ‘Tarun Tahiliani’ and healthy growth potential of the branded ethnic wear segment in India, which augurs well for GFPL. The credit profile of the company stood satisfactory underpinned by healthy profit margins and no reliance on borrowings translating into below unity gearing of 0.9 times (due to lease liabilities) as on March 31, 2024, and comfortable debt coverage indicators with total debt vis-a-vis operating profit and interest coverage of 1.0 times and 9.5 times, respectively, in FY2024.

With revenues of Rs. 148.0 crore in FY2024, GFPL’s scale of operations remains modest. Further, GFPL carries high inventory on the books, as inherent in the retail business, which exposes it to risks of inventory write-off. However, this risk is partially mitigated as GFPL mainly caters to the couture category, which includes made-to-order products. The rating also factors in the highly competitive nature of the industry in which GFPL operates. Besides, the business remains vulnerable to any economic slowdown.

The Stable outlook reflects ICRA’s expectations that GFPL will continue to generate healthy margins benefitting from the strong brand position of Tarun Tahiliani. This, coupled with steady revenue growth and limited capex outgo, will yield continued satisfactory debt coverage indicators.

### Key rating drivers and their description

#### Credit strengths

**Strong and established parentage by being part of ABFRL Group with expectations of need-based funding support** – As a part of the Aditya Birla Group, GFPL enjoys financial flexibility and receives need-based funding and operational support from the Group. At present, ABFRL has a 51% shareholding in the company with 48.99% held by Mr. Tarun Tahiliani, a leading fashion designer in the premium ethnic wear segment. Mr. Ashish Dikshit, Managing Director of ABFRL is also on the board of the company.

**Strong brand name; healthy growth potential of ethnic wear segment in India** – The demand prospects of the ethnic wear segment remains healthy, given the low penetration of the organised segment. Within this, growth prospects of branded ethnic wear remain particularly strong on the back of favourable demographics and the inelastic nature of demand. GFPL also benefits from the strong brand recognition enjoyed by its brand ‘Tarun Tahiliani’. Mr Tahiliani is a renowned Indian fashion designer in the luxury and premium ethnic women’s wear segments, with a special focus on premium bridal wear range of couture.

**Healthy profitability and financial profile** – The profitability margins have remained healthy with OPBDITA and PAT margin of 36.2% and 19.2%, respectively, in FY2024. The brand is known for wedding and heritage-based attire where the handcrafted work is higher and, thus, margins remain healthy.

As on March 31, 2024, the total debt stood at Rs. 51.5 crore (comprises only lease liabilities) against the net worth of Rs. 58.0 crore. Due to this, the capital structure remained healthy with below unity gearing of 0.9 times as on March 31, 2024. Moreover, the debt coverage indicators stood comfortable with total debt vis-a-vis operating profit and interest coverage of 1.0 times and 9.5 times, respectively, in FY2024. With limited reliance on external debt and healthy profits, ICRA expects the capital structure and debt coverage indicators to remain comfortable in the near term.

### Credit challenges

**Modest scale of operations, albeit increasing at healthy compound annual growth rate(CAGR** – Despite the YoY revenue growth of 41% in FY2024 driven by continuous growing demand for designer and premium ethnic wear, the scale of operations remained modest with revenues of Rs. 148.0 crore in FY2024 and a modest net worth base of Rs. 58.0 crore driven by the nature of the industry, as the company's focus is on premium bridal wear range of couture. Furthermore, it has recorded revenues of Rs. 135.0 crore in 9M FY2025 and is expected to register Rs. 170-185 crore in the current fiscal year.

**Inherent inventory risk in fashion retail industry** – The company remains exposed to various risks associated with carrying high inventory on the books, as inherent in the retail business. The risks of the inventory getting obsolete, damaged, or out of fashion remains. However, this risk is partially mitigated as GFPL mainly caters to the couture category, which includes made-to-order products.

**Intensely competitive nature of fashion business; revenues and profitability remain vulnerable to economic slowdown** – The fashion segment is very competitive, marked by the presence of several brands. Besides, the business remains vulnerable to economic slowdown on accounts of the discretionary nature of consumer spending on these products.

### Liquidity position: Adequate

The liquidity profile of the company remained adequate with available free cash and bank balance(including investments) of Rs.55.0 crore as on January 31,2025. Additionally, the parent company ABFRL is expected to provide need-based funding support to GFPL. Going forward, GFPL is expected to generate cash flows which will be sufficient to meet its capex requirements of around Rs.15-20 crore each in next two years (FY2025-FY2026). The company does not have any long-term debt obligations and has no plans to undertake debt in the near term.

### Rating sensitivities

**Positive factors** – A substantial increase in revenues and profits of the company leading to an improvement in liquidity position, while maintaining healthy debt coverage indicators on sustained basis would be positive rating factors.

**Negative factors** – ICRA could downgrade GFPL's rating, if there is any weakening of linkages with ABFRL, or a deterioration in the parent's credit profile. Any sharp decline in revenues and profits of GFPL, adversely impacting its debt coverage indicators and/or the liquidity position on sustained basis would also be negative factors.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Retail</a>
Parent/Group support	Parent - Aditya Birla Fashion and Retail Limited (ABFRL) (rated [ICRA]AA+; rating watch with developing implications/ [ICRA]A1+) ICRA expects ABFRL to provide need-based funding support to GFPL.
Consolidation/Standalone	Standalone

## About the company

Goodview Fashion Private Limited is engaged in the manufacturing and sale of high-end fashion garments (couture) and accessories within the ethnic segment under the brand 'Tarun Tahiliani' and has its manufacturing unit at Gurgaon (Haryana). The company has in-house facilities as well as outsources manufacturing to third parties. It has more than 400 workers and 150 employees across India. At present, the company has six exclusive brand outlets (EBOs) in India through which it directly sells to end users. It also sells garments through multi brand outlets (MBO) and takes customised orders as well. Moreover, it participates in domestic exhibitions organised by recognised partners and has its own e-commerce platform for selling and promotion.

### Key financial indicators (audited)

GFPL (Standalone)	FY2023	FY2024
Operating income	104.6	148.0
PAT	15.1	28.4
OPBDIT/OI	31.5%	36.2%
PAT/OI	14.5%	19.2%
Total outside liabilities/Tangible net worth (times)	2.0	1.3
Total debt/OPBDIT (times)	1.0	1.0
Interest coverage (times)	8.5	9.5

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. crore, PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

Instrument	Chronology of rating history for the past 3 years								
	Current (FY2025)			FY2024		FY2023		FY2022	
	Type	Amount rated (Rs. crore)	March 19, 2025	Date	Rating	Date	Rating	Date	Rating
Fund based – Working capital limits - Overdraft	Long-term	15.00	[ICRA]A+(Stable)	-	-	-	-	-	-
Fund based - Unallocated	Long-term	10.00	[ICRA]A+(Stable)	-	-	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Overdraft	Simple
Long term- Unallocated	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term fund based – Overdraft	NA	NA	NA	15.00	[ICRA]A+(Stable)
NA	Long term-Unallocated	NA	NA	NA	10.00	[ICRA]A+(Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis – Not Applicable**

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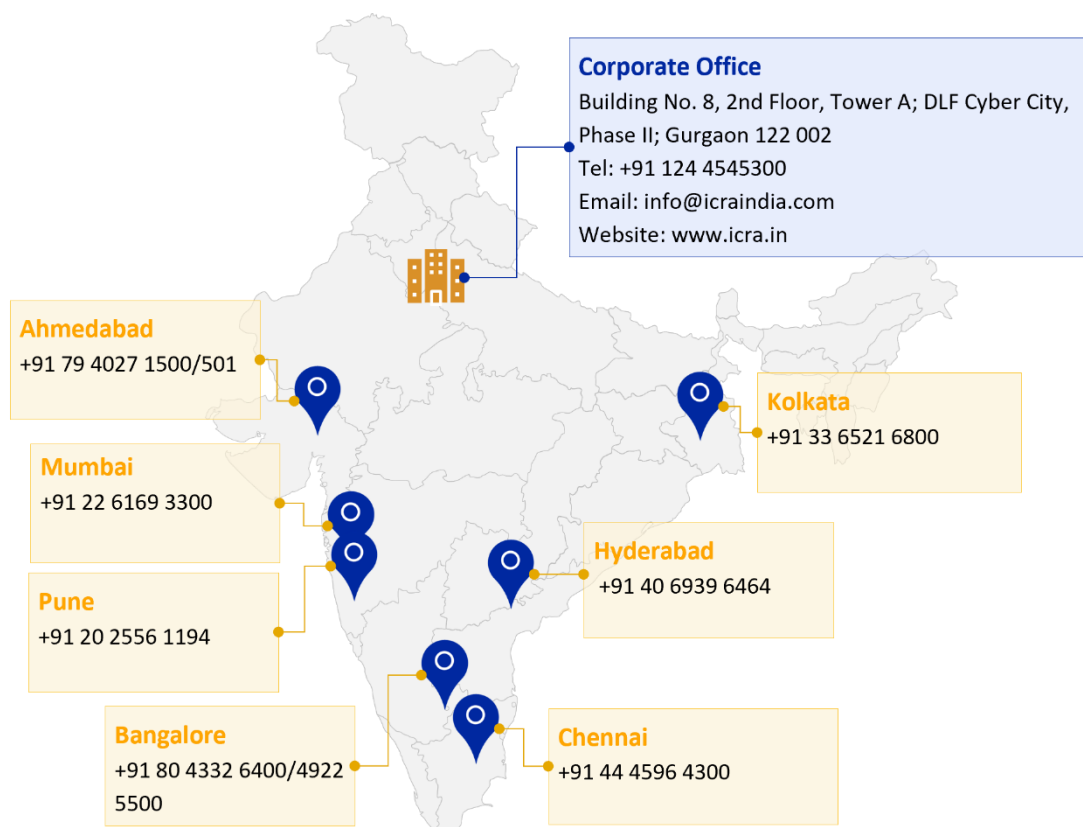
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