

May 14, 2026

## Kashida Apparels Private Limited: Rating downgraded

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based/TL	43.80	43.80	[ICRA]BBB (Negative); downgraded from [ICRA]BBB+ (Negative)
Long-term – Unallocated	0.20	0.20	[ICRA]BBB (Negative); downgraded from [ICRA]BBB+ (Negative)
<b>Total</b>	<b>44.00</b>	<b>44.00</b>	

\*Instrument details are provided in Annexure II

### Rationale

While arriving at the ratings, ICRA has taken a consolidated view of BIBA Fashion Limited (BFL) and Kashida Apparels Private Limited (KAPL), commonly referred to as the Group, given the close business, financial and managerial linkages among the entities.

The rating action factors in the anticipation that the Group's scale of operations and cash flows will remain under pressure in the near term, following a weaker-than-expected performance over the past few fiscals. Its consolidated revenues are estimated to have declined by about 6% to around Rs. 730 crore in FY2026, constrained by subdued demand and the consequent closure of stores undertaken to augment costs. While operating margins witnessed a marginal improvement driven by cost-rationalisation measures such as optimisation of employee costs, reduction in fixed overheads and closure of loss-making stores, the overall operating performance continues to remain under pressure.

Even as the Group has been able to bring down inventory levels through liquidation of old inventory at higher discounts, the inventory remains relatively elevated at Rs. 315–320 crore as on March 31, 2026, resulting in increased working capital blockage. The management's continued focus on inventory liquidation through greater discounts over the past few years has supported liquidity but constrained profitability. Even though a gradual improvement in operating performance is expected, the cash flows are likely to remain restricted in the near term, translating into weak debt coverage metrics, with interest coverage estimated at 1.2-1.3 times in FY2026 (as per Ind AS).

ICRA notes that the company has taken cost rationalisation initiatives and revamped its strategic approach, including targeting new customer segments to enhance its scale of operations. These efforts, coupled with some enhancement in demand and supported by its strong brand positioning in the ethnic wear segment, are expected to support a gradual recovery in revenue growth and margin performance over the medium term. Aided by an expansion in the operating profits, the company's debt coverage metrics are anticipated to chart an improving trend over the medium term. To support funding requirements, the promoters had infused Rs. 13-14 crore in FY2025 and they remain committed to provide further support, if required.

ICRA also notes that the liquidity position of the company has improved over the recent past, aided by sanction of working capital demand loan (outside drawing power), which carries a ballooning repayment schedule over five years. The enhanced liquidity position is likely to provide the Group with greater flexibility to focus on increasing sales and profitability over the near-to-medium term.

The ratings continue to draw comfort from the Group's healthy operational profile, characterised by the strong presence of its flagship brand, BIBA, in the domestic ethnic wear segment for women, as well as its established pan-India multi-channel distribution network. It operates on an asset-light business model, with a healthy proportion of the manufacturing outsourced to vendors on a job-work basis. Lower contribution of in-house manufacturing and the moderate capital expenditure (capex) requirement in store expansion supports the scalability of the business.

The ratings remain constrained by the elevated brand concentration risk and evolving consumer preferences. The business also continues to be vulnerable to adverse market conditions due to factors including, but not limited to, intense competition in the highly fragmented apparel retail industry.

The Negative outlook on the rating reflects ICRA's expectation that the financial risk profile of the company is anticipated to remain subdued over the near-to-medium term despite a gradual improvement in operating performance.

## Key rating drivers and their description

### Credit strengths

**Strong brand equity and established distribution network** – The Group commenced its operations in FY2003, designing and retailing women's ethnic wear under its flagship brand, BIBA, which has an established presence and recall value in the domestic branded apparel market. In FY2014, it launched another brand in the value segment, Rangriti, to capture a wider market segment. The Group's pan-India, multi-channel distribution network comprised 378 exclusive brand outlets (EBOs) and over 600 multi-brand outlets (MBOs) as on March 31, 2026. The EBOs allow the company flexibility in promotion and brand building, enabling direct engagement with customers. The MBO channel, on the other hand, helps the Group expand its geographical presence with minimal investments. Strong brand equity and a significant online presence (through channel partners as well as through its own website) have helped grow its revenue base over the years.

**Asset-light business model supports scalability** – The Group designs, brands and retails apparels, and follows an asset-light business model with a healthy proportion of its manufacturing outsourced to vendors on a job-work basis. Lower contribution of in-house manufacturing, even after the commencement of KAPL's operations, along with lower capex requirement in store expansion (given the use of the leased model for self-managed stores), supports the scalability of the business.

### Credit challenges

**Weak operational performance; debt coverage metrics remain modest** – The Group's consolidated revenue is estimated to have declined by nearly 6% to about Rs. 730 crores in FY2026, constrained by relatively weak demand in the high fashion garment retail industry and closure of loss-making stores by the company. The operating margins are estimated to have improved by 200-300 bps owing to its cost-cutting measures. To enhance liquidity, the management has focussed on reducing inventory by offering higher discounts, while its inventory has moderated to about Rs. 315-320 crore as of March 31, 2026. Even as the company has implemented various cost-efficiency measures such as closure of certain non-performing stores and rationalisation of employee costs, margins are estimated to remain under pressure, resulting in weak debt coverage indicators (estimated interest coverage of 1.2-1.3 times in FY2026 as per IND AS).

**High working capital intensity, characterised by elevated inventory** – The Group's business is working capital-intensive with elevated inventory holding requirements for existing as well as new stores. Apart from the increased funding requirements, a large inventory translates into an increased risk of obsolescence due to fast-changing fashion trends, which in turn translate into higher discounting, impacting the margins. The inventory has remained elevated in the range of 300-330 days over the last two years. Going forward, the Group's ability to efficiently manage its inventory levels, while improving its scale of operations, will continue to be a key monitorable.

**High brand concentration risk** – While the Group expanded its brand portfolio by launching Rangriti in FY2014, it continues to derive 85-90% of its revenues from its flagship brand, BIBA, resulting in elevated brand concentration risk. However, the concentration has reduced in recent years and is expected to decline further with sizeable expansion plans for the Rangriti brand. This is also likely to facilitate a segmental diversification for the Group as Rangriti is an economy brand, compared to the mid-to-high value segment targeted by BIBA.

**Exposed to consumer spending trends and intense competition** – The Group's sales, profitability and cash accruals, like any other apparel retailers, are closely linked to macroeconomic conditions, consumer confidence and spending patterns, particularly considering the discretionary nature of its products. Besides, its sales remain vulnerable to the consumers'

changing tastes and preferences, along with competition from the branded as well as fragmented boutique segments in the women’s ethnic wear market. Revenue fluctuations will continue to have a bearing on profitability, given the high proportion of fixed costs and the consistent advertisement expenses.

### Liquidity position: Adequate

The liquidity profile is expected to remain Adequate, characterised by an average buffer in fund-based working capital facilities of Rs. 18-19 crore over the last 12 months ended in March 2026. This, coupled with improving cash flow from operations, is likely to be sufficient to meet the capex plan of Rs. 10-15 crore in FY2027, debt repayments of Rs. 21.4 crore in FY2027 and the incremental working capital requirements. Additionally, promoters are anticipated to infuse funds to support liquidity if required, as witnessed in the past.

### Rating sensitivities

**Positive factors** – Given the Negative outlook, an upgrade is unlikely in the near term. However, the outlook could be revised to Stable if the company exhibits a meaningful improvement in revenue and profitability on a sustained basis, which along with efficient working capital management, leads to an enhancement in the credit metrics and liquidity position.

**Negative factors** – Pressure on the ratings could arise in the event of sustained pressure on revenues and cash flow generation and/or a significant elongation in the working capital cycle, resulting in a weakening of the liquidity profile. Additionally, any large debt-funded capex that adversely impacts the company’s credit metrics could cause a rating downgrade. Timely funding support from the promoters if required, would also remain a key consideration for the ratings.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Textile - Apparels</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of BIBA Fashion Limited. The company has four subsidiaries and associates, which are enlisted in Annexure II.

### About the company

Biba Apparels Pvt. Ltd., incorporated in July 2002, is promoted by Mrs. Meena Bindra. BFL is involved in the designing and retailing of ethnic wear, such as *salwar kameez* and *kurtis*, for women and girls in the domestic market under its brands, BIBA and Rangriti. Since 1988, the operations were carried out under a partnership firm, Biba Apparels, before being converted into a private limited company in FY2003. Further, in March 2022, the company was converted into a public limited company and renamed as BIBA Fashion Limited.

In June 2022, BIBA incorporated a wholly owned subsidiary, KAPL, for setting up a backward integrated manufacturing unit. The project has been set up in Indore, with an installed manufacturing capacity of 3.3 million garments per annum. The unit commenced operations from Q4 FY2024 and its entire production is being sold to BIBA. It is expected to cater to 30% of BIBA’s production requirements.

### Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	758.1	773.4
PAT	-95.5	-82.2

OPBDIT/OI	7.0%	7.5%
PAT/OI	-12.6%	-10.6%
Total outside liabilities/Tangible net worth (times)	3.1	4.0
Total debt/OPBDIT (times)	14.4	12.4
Interest coverage (times)	0.9	0.9

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore

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

Any other information: None

### Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	14-May-2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund-based-Term loan	Long Term	43.80	[ICRA]BBB (Negative)	Aug 05, 2025	[ICRA]BBB+ (Negative)	Jun 21, 2024	[ICRA]A (Negative)	Jul 10, 2023	[ICRA]A (Positive)
				-	-	Dec 23, 2024	[ICRA]A-(Stable)	-	-
Unallocated limits	Long Term	0.20	[ICRA]BBB (Negative)	Aug 05, 2025	[ICRA]BBB+ (Negative)	Jun 21, 2024	[ICRA]A (Negative)	Jul 10, 2023	[ICRA]A (Positive)
				-	-	Dec 23, 2024	[ICRA]A-(Stable)	-	-

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI

16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)
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(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term-Unallocated	Not Applicable
Long Term-Term Loan-Fund Based	Simple

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 II: Instrument details**

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loans	FY2023	-	FY2033	43.80	[ICRA]BBB (Negative)
NA	Long term - Unallocated limits	-	-	-	0.20	[ICRA]BBB (Negative)

Source: Company

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

**Annexure III: List of entities considered for consolidated analysis**

Company Name	BFL Ownership	Consolidation Approach
Kashida Apparels Private Limited	100.00%	Full Consolidation
BIBA Apparels Trading LLC	100.00%	Full Consolidation
IMA Clothing Private Limited	75.00%	Full Consolidation
Anjuman Brand Design Private Limited	36.82%	Equity method

Source: Company

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