

September 04, 2019

## Arvind Lifestyle Brands Limited: Rating withdrawn

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action <sup>1</sup>
Commercial Paper	250.00	250.00	[ICRA]A1 (SO); Withdrawn
<b>Total</b>	<b>250.00</b>	<b>250.00</b>	

\*Instrument details are provided in Annexure-1

### Rationale

The ratings assigned to Arvind Lifestyle Brands Limited (ALBL or the company) have been withdrawn at the request of the company, based on the No Due Certificate issued by its issuing and paying agent and in accordance with ICRA's policy on withdrawal and suspension.

### Outlook: Not applicable

### Key rating drivers

Not applicable

### Liquidity position

Not applicable

### Rating sensitivities

Not applicable

### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">ICRA's Policy on Withdrawal and Suspension of Credit Rating</a>
Parent/Group Support	Not applicable
Consolidation / Standalone	Not applicable

<sup>1</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications

## About the company

Arvind Lifestyle Brands Limited (ALBL) is a 100% subsidiary of Arvind Fashion Limited (AFL). While the wholesale business of 'Arrow', 'Flying Machine' and 'IZOD' is carried out under AFL, all the other brand and retail (B&R) business of several owned and licensed branded apparel in India and some countries in the Middle East and South Africa is carried out under ALBL. In the B&R business, the company has a strong portfolio of brands which cuts across multiple price points, multiple channels and consumer segments. The brands portfolio includes ~30 brands like Arrow, US Polo, Gant, Izod, Nautica, Elle, Cherokee, Ed Hardy, Hanes and Geoffrey Beene. Arvind's portfolio of owned brands includes Flying Machine, Excalibur, Ruggers, Colt and New Port University. Arvind also operates specialty retail stores for GAP, Sephora, etc along with B&R business of the Tommy Hilfiger and Calvin Klein brands under JVs that operate under AFL. Further, ALBL is present in the value retail business and operates apparel retail stores under the 'Unlimited' format, offering its private brands.

## About the guarantor: Arvind Limited

Arvind Limited (Arvind) was incorporated in 1931 and is promoted by the Ahmedabad-based 'Lalbhai' family. Arvind is currently one of India's leading vertically integrated textile companies with an installed capacity of 108 million meters per annum (MMPA) of denim and 132 MMPA of woven fabric, respectively, as on March 31, 2019. Apart from denim and woven fabric, Arvind also manufactures a range of cotton-based garments like shirts and khakis, besides operating relatively smaller capacities of knit fabric (usually used for manufacturing t-shirts and socks) and voiles (used for manufacturing saree blouses and curtains). Arvind has also forayed in to technical textiles on its own and in joint venture with leading global players.

Arvind Fashions Limited (AFL) which has demerged from Arvind, is engaged in in the brand and retail (B&R) business of several iconic owned and licensed branded apparel. While the wholesale business of 'Arrow', 'Flying Machine' and 'IZOD' is carried out under AFL, all the other B&R business of several owned and licensed branded apparel in India and some markets in West Asia and South Africa is carried out under ALBL. The brands portfolio includes ~30 brands like Arrow, US Polo, Gant, Izod, Nautica, Elle, Cherokee, Ed Hardy, Hanes and Geoffrey Beene. Arvind's portfolio of owned brands includes Flying Machine, Excalibur, Ruggers, Colt and New Port University. Arvind also operates specialty retail stores for GAP, Sephora, etc along with B&R business of the Tommy Hilfiger and Calvin Klein brands under JVs that operate under AFL. Further, ALBL is present in the value retail business and operates apparel retail stores under the 'Unlimited' format, offering its private brands. The assembling and installation of waste water treatment plants housed under Arvind Envisol Limited.

For the year ended March 31, 2019, on an operating income of Rs. 11,813 crore, Arvind and AFL combined reported a PAT of Rs. 259 crore, as against an operating income of Rs. 10,826 crore and PAT of Rs. 313 crore for the year ended March 31, 2018.

### Key financial indicators (audited – Arvind Ltd consolidated)

	FY2018	FY2019*
Operating Income (Rs. crore)	10,826	11,813
PAT (Rs. crore)	313	259
OPBDIT/OI (%)	9.1%	8.7%
RoCE (%)	9.7%	9.1%
Total Debt/TNW (times)	0.8	0.9
Total Debt/OPBDIT (times)	3.4	3.4
Interest coverage (times)	3.5	3.0

\* estimated; combined financials of Arvind and AFL

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

**Any other information:** None

### Rating history for past three years:

Current Rating (FY2020)					Chronology of Rating History for the Past 3 Years			
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating September 4, 2019	Date & Rating in	Date & Rating in	Date & Rating in	Date & Rating in
					FY2020 August 23, 2019	FY2019 November 30, 2018	FY2018 October 5, 2017	FY2017 -
1 Commercial Paper	Short Term	250.00		[ICRA]A1 (SO); withdrawn	[ICRA]A1 (SO)	[ICRA]A1+ (SO)	[ICRA]A1+ (SO)	-

### Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

## Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Commercial Paper	NA	NA	7-365 days	250.00	[ICRA]A1 (SO); withdrawn Source: Company

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