

## Rating Rationale

July 02, 2026 | Mumbai

### Vedant Fashions Limited

Ratings reaffirmed at 'Crisil AA / Stable / Crisil A1+ '

#### Rating Action

Total Bank Loan Facilities Rated	Rs.120 Crore	Regulator Of Instrument
Long Term Rating	Crisil AA/Stable (Reaffirmed)	RBI

Rs.10 Crore Commercial Paper	Crisil A1+ (Reaffirmed)	RBI
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*1 crore = 10 million*

*Refer to Annexure for Details of Instruments & Bank Facilities*

#### Detailed rationale

Crisil Ratings has reaffirmed its 'Crisil AA/Stable/Crisil A1+' ratings on the long-term bank facilities and commercial paper of Vedant Fashions Limited (VFL)..

The ratings continue to reflect the established presence of VFL in the men's ethnic clothing segment and the company's robust financial risk profile. These strengths are partially offset by susceptibility of profitability to economic downturns, inflationary pressure and risks related to addition of stores, and the intense competition in the domestic apparel business.

#### Analytical approach

Crisil Ratings has evaluated the standalone business and financial risk profiles of VFL.

#### Key rating drivers - Strengths

**Established market position:** VFL, with its flagship brand Manyavar, is one of the market leaders in the Indian celebration wear market. The company's business risk profile is underpinned by its strong brand in the ethnic wear segment and large retail footprint, spanning over 652 exclusive brand outlets (EBOs) across the country and 17 EBOs across 12 international cities; covering around 17.9 lakh square feet (sq ft). The company clocked turnover of Rs 1,436 crore in fiscal 2026, up from Rs 1,384 crore in fiscal 2025, benefitting from its strong market position. Same store sales growth (SSG) improved to ~3% in fiscal 2026 from negative during the two years through fiscal 2025, indicating improved efficiency. With focused area addition across the country, selective addition of stores, deeper penetration of new and emerging brands such as Twamev, Mohey and Diwas, and strategic advertisement campaigns, VFL is likely to maintain its strong market position over the medium term.

**Robust financial risk profile:** Network was healthy at Rs 1,798 crore while the total outside liabilities to tangible network (TOLTNW) ratio was low around 0.5 time as on March 31, 2026. Nil reliance on external debt and healthy cash flow from operations have led to strong debt protection metrics, and should continue to support the financial risk profile.

#### Key rating drivers - Weaknesses

**Susceptibility of profitability to economic downturns, inflationary pressure and addition of stores:** Revenue and profitability remain susceptible to economic downturns, as spending on products such as apparel is discretionary in nature—when customers are in a cautious mode, spends on segments such as apparel are impacted the most. On the contrary, non-discretionary segments are less affected. For instance, VFL's revenue growth slowed down considerably and was flattish over fiscals 2024 and 2025, with a marginal growth in fiscal 2026, over the large base of fiscal 2023. Furthermore, large expansion by retailers could exert pressure on operating profitability. Escalating rental expenses towards expanding store networks have resulted in the pre-IndAS adjusted earnings before interest, tax, depreciation and amortisation (Ebitda) margin for VFL coming down to ~30% in fiscal 2026 (post-IndAS Ebitda margin was 44%) from 33% in fiscal 2025 and 37–40% in the fiscals before that (post-IndAS Ebitda margin of 46–49%). Revival in revenue growth and profitability remains monitorable.

**Intense competition in the domestic apparel business:** The domestic apparel business is highly fragmented with competition among organised players intensifying. Though VFL, through its flagship brand, Manyavar and other brands such as Mohey, Diwas, Mebaaz and Twamev, enjoys a strong market share in the Indian ethnic wear segment, competition from both organised players and the large unorganised segment continues to constrain scalability. Following compound annual growth rate of 13% till fiscal 2023, the topline remained rangebound at Rs 1,360–1,440 crore during the three years through fiscal 2026, indicating a slowdown in growth. Furthermore, the company generates bulk of its revenue from the men's celebration wear segment. With VFL strengthening its market position across multiple price ranges, age groups, and genders, ramp-up across the new segments and sustained growth in revenue remain monitorable.

**Liquidity** Superior

Bank limit remained unutilised over the 12 months through March 2026. Cash accrual, expected at Rs 340–400 crore over the medium term, should aid liquidity in the absence of any term debt obligation. In addition, VFL maintains more than Rs 1,000 crore of liquid investments in mutual funds and bonds.

**Outlook** Stable

Crisil Ratings believes VFL will continue to benefit from its healthy brand recognition, pan-India presence, established market position in the Indian ethnic men's wear segment and strong financial risk profile.

**Rating sensitivity factors****Upward factors**

- Over 25% growth in turnover, with diversification in revenue profile, higher contribution from the women and kids wear segments and sustenance of operating margin
- Sustenance of healthy financial risk profile and liquidity

**Downward factors**

- Increasing competition resulting in stagnation of growth and decline in pre-IndAS adjusted Ebitda margin to below 25%
- Large, debt-funded capital expenditure or inorganic expansion, weakening the financial risk profile

**About the company**

VFL was set up as a proprietorship firm by members of the Kolkata-based Modi family. The firm was reconstituted as a private limited company in 2002. It manufactures and retails ethnic wear for men and women, and markets its clothing through EBOs and multibrand outlets under the brands, Manyavar and Mohey.

The company got listed on the Bombay Stock Exchange and the National Stock Exchange in February 2022.

**Key financial indicators**

As on / for the period ended March 31		2026	2025
Operating income	Rs crore	1,436.30	1,386.70
Reported profit after tax (PAT)	Rs crore	375.54	388.47
PAT margin	%	26.15	28.01
Adjusted debt/Adjusted networkth	Times	0.00	0.00
Interest coverage	Times	11.17	11.64

**Any other information:** Not applicable

**Note on complexity levels of the rated instrument:**

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit [www.crisilratings.com](http://www.crisilratings.com). Users may also call the Customer Service Helpdesk with queries on specific instruments.

**Please note:**

More details including a list of activities or instruments, along with the names of respective financial sector regulators (FSRs) whose purview they fall under, is available in 'Annexure – List of Instruments and Names of Regulators' below.

**Annexure - Details of Instrument(s)**

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook	Regulator Of Instrument
NA	Commercial Paper	NA	NA	7 to 365 days	10.00	Simple	Crisil A1+	RBI
NA	Cash Credit	NA	NA	NA	20.00	NA	Crisil AA/ Stable	RBI
NA	Overdraft Facility	NA	NA	NA	30.00	NA	Crisil AA/ Stable	RBI
NA	Proposed Fund-Based Bank Limits	NA	NA	NA	20.00	NA	Crisil AA/ Stable	RBI
NA	Working Capital Demand Loan	NA	NA	NA	50.00	NA	Crisil AA/ Stable	RBI

## Annexure - Rating History for last 3 Years

Instrument	Current			2026 (History)		2025		2024		2023		Start of 2023
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
<b>Fund Based Facilities</b>	LT	120.0	Crisil AA/ Stable		--	03-07-25	Crisil AA/ Stable	05-07-24	Crisil AA/ Stable	10-07-23	Crisil AA/ Stable	Crisil AA-/ Stable
<b>Commercial Paper</b>	ST	10.0	Crisil A1+		--	03-07-25	Crisil A1+	05-07-24	Crisil A1+	10-07-23	Crisil A1+	Crisil A1+

All amounts are in Rs.Cr.

## Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
<b>Cash Credit</b>	<b>20</b>	<b>HDFC Bank Limited</b>	<b>Crisil AA/Stable</b>
<b>Overdraft Facility</b>	<b>30</b>	<b>ICICI Bank Limited</b>	<b>Crisil AA/Stable</b>
<b>Proposed Fund-Based Bank Limits</b>	<b>20</b>	<b>Not Applicable</b>	<b>Crisil AA/Stable</b>
<b>Working Capital Demand Loan</b>	<b>50</b>	<b>Kotak Mahindra Bank Limited</b>	<b>Crisil AA/Stable</b>

## Annexure: List of instruments and names of regulators of the instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

### A. Rating activities

Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (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 and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFC's, 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	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	RBI
22	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
23	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/Preference share (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

\* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ 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 may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Crisil Ratings Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

# There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor

side regulators have accordingly been included.

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

## Criteria Details

<b>Links to related criteria</b>
<a href="#">Basics of Ratings (including default recognition, assessing information adequacy)</a>
<a href="#">Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)</a>

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