September 26, 2025

Texport Industries Private Limited: Ratings placed on Watch with Negative Implications; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short Term-Fund Based- Working Capital facilities	155.00	180.00	[ICRA]A1; Rating placed on Watch with Negative Implications; assigned for enhanced amount
Long Term-Fund Based-Term Loan	13.86	2.10	[ICRA]A; Rating placed on Watch with Negative Implications
Short Term-Non-fund Based-Others	0.00	14.00	[ICRA]A1; Rating placed on Watch with Negative Implications; assigned for enhanced amount
Long Term / Short Term-Unallocated limits	0.00	28.90	[ICRA]A; Rating placed on Watch with Negative Implications /[ICRA]A1; Rating placed on Watch with Negative Implications; assigned for enhanced amount
Total	**168.86**	**225.00**	

**Instrument details are provided in Annexure-I*

Rationale

Indian exporters have been navigating a turbulent trade environment, with recent tariff hikes by the United States (US) threatening to reshape long-standing business dynamics. The latest round of tariff imposition by the US, effective August 27, 2025, has added a punitive 25% duty on select Indian goods, pushing the effective tariff burden to 60-70% in some categories when combined with the pre-existing levies. This escalation places Indian exporters at a disadvantage compared to competitors in East and Southeast Asia, which face lower tariff rates.

ICRA has noted the development and the ratings on the bank lines of Texport Industries Pvt Ltd. (TIPL) have been placed on Watch with Negative Implications. TIPL's business is likely to be impacted by the turbulent trade environment, with most of its products falling under the higher tariff categories. On a consolidated basis, TIPL generates around 80% of its revenues from the US markets. The manufacturing facilities of TIPL are spread across India (Karnataka, Andhra Pradesh and Tamil Nadu) with a capacity to manufacture 20 million garments per annum. The woven division (accounting for around 72% share in revenues) has a higher exposure to the US market compared to knits and fabric segments. According to the management discussions, TIPL has been actively negotiating with its customers to pass on the increased tariff costs. Besides, implementation of trade agreement with the UK, supporting an increase in trade volumes to the said country, is likely to moderate the impact to an extent.

ICRA notes these developments and their potential impact on TIPL's revenue and profitability as the entire tariff burdens may be difficult to pass on to the downstream stakeholders. If the recently imposed tariffs continue, ICRA expects the company's revenues and margins to moderate in H2 FY2026. Nevertheless, the established market position, relationship with large international customers, expected long-term benefits from ongoing capacity additions and a modest financial profile, are likely to cushion the impact to some extent. TIPL's operating income grew by 10.4% (on a YoY basis) to Rs. 1,045.6 crore in FY2025, supported by an increase in sales volumes. However, its operating margins moderated by 680 bps to 6.8% in FY2025 due to moderation in realisation amid competition and one-time higher air freight and sub-contracting charges incurred towards certain shipments being preponed.

TIPL is an approved participant under the production linked incentive (PLI) scheme set up under Texana World Private Limited (TWPL). The entity is also setting up a man-made fibre (MMF) garment manufacturing unit in Punctuate World Private Limited (PWPL). Till August 2025, the entity has incurred Rs. 246.0 crore towards setting up these manufacturing facilities, funded through promoter debt and equity of Rs. 99.6 crore, loan from bank worth Rs. 121.0 crore and investment from PT. Ungaran Sari Garments for Rs. 25.4 crore. ICRA notes that the project has commenced operations from the middle of FY2026. Moderation in profitability in FY2025 resulted in weakening of both interest cover and Total debt/OPBDITA to 3.7 times in FY2025 compared to 7.0 times and 1.6 times, respectively in FY2024. However, an improvement is expected over the medium term, supported by cost savings and earnings accruing from the ramp-up of operations in the additional facilities set up in TWPL and PWPL.

The ratings continue to factor in the project stabilisation risks with regards to new facilities set up in TWPL and PWPL, customer and geographical concentration risks, and TIPL's exposure to external risks such as geo-political factors (like US tariffs, tepid demand environment etc.), foreign exchange rate fluctuations, along with regulations and duty structures across the markets. Besides, the ratings continue to remain constrained by intense competition from other major garment exporting countries that limits pricing flexibility and high working capital requirements inherent to the business.

Key rating drivers and their description

Credit strengths

Established presence as manufacturer and exporter – TIPL is an established manufacturer and exporter of garments, having an operational track record of more than four decades. It is among the large, organised exporters (90% revenue is generated through exports) of men's wear in India, with sizeable capacities across woven and knitted garments. Further, TIPL's offerings remain diversified across products and end users. These operational strengths have supported TIPL's revenues over the years despite customer-specific and industry challenges.

Strong customer base – TIPL exports to large renowned retailers and enjoys long relationship with its customers, as reflected in the recurring orders received. TIPL's volume offtake has remained steady over the years as its end customers enjoy healthy value share in their respective markets. In addition, TIPL's product/customer diversification initiatives are likely to support the long-term revenue growth potential of the company.

Comfortable capital structure – TIPL's capital structure remained comfortable, reflected by a gearing of 0.5 times as on March 31, 2025. While the same has moderated from 0.4 times as on March 31, 2024 due to additional term loan worth Rs. 76.1 crore availed in FY2025, the same remained within the comfortable level. As of March 31, 2025, the entity had long-term borrowings of Rs. 80.9 crore and working capital borrowings of Rs. 130.8 crore. On a consolidated level, there has been a moderation in profitability in FY2025, which resulted in weakening of both interest cover and Total debt/OPBDITA to 3.7 times in FY2025 from 7.0 times and 1.6 times, respectively in FY2024. However, an improvement is expected over the medium term, supported by cost savings and earnings accruing from ramp-up of operations in the additional facilities set up in TWPL and PWPL, which are likely to support the entities' earnings over the medium term. Additionally, TWPL and PWPL would be eligible for various Government incentives. Receipt of these incentives would further support the profitability and liquidity of the Group over the medium term.

Credit challenges

Exposed to high customer and geographical concentration risks; US tariff hike a concern – TIPL's revenues remain susceptible to business concentration risk as the top five customers continue to contribute around 75% to the revenues and a major portion of the business is generated from the US market. Thus, the revenues and earnings depend on the performances of its key customers, apart from other factors such as regulations and duty structures across the markets. ICRA notes the recent US tariff related developments and their potential impact on TIPL's revenue and profitability as the entire tariff burdens may be difficult to pass on to the downstream stakeholders. However, the risk is mitigated to an extent by the established relationship of the company with its clientele and the continued steps taken by them to diversify their revenue base.

Exposed to project stabilisation risk – TIPL through its subsidiaries (TWPL and PWPL) has set up man-made fabric apparel manufacturing facilities at Shiggaon (Karnataka), Kadapa (Andhra Pradesh) and Siricilla (Telangana). The total project cost of Rs. 250 crore (Rs. 200 crore for TWPL and Rs. 50 crore for PWPL) has been funded through a term debt of Rs.125 crore and the balance thorough equity. As on August 31, 2025, the company has incurred Rs. 246 crore. This has been funded through bank loan of Rs. 121 crore, investment from PT. Ungaran Sari Garments of Rs. 25.4 crore and promoter's debt and equity of Rs. 99.6 crore. Trial runs for the projects happened in FY2025 and the company has commenced commercial operations from September 2025. The projects set up under TWPL and PWPL remain exposed to stabilisation risks. However, TIPL's established presence and proven track record are likely to support TWPL and PWPL in securing new orders.

Earnings exposed to price risk because of limited pricing flexibility – TIPL's earnings remain exposed to fluctuations in raw material prices and exchange rates on the back of intense competition, limiting the pricing flexibility. The company faces competition from other large textile exporters from India as well as from other low-cost garment exporting countries, which limits its ability to improve prices and margins to an extent. However, ICRA notes that the forex risk is mitigated to some extent by the forward cover taken by TIPL and the risk of fluctuations in raw material prices is mitigated through simultaneous booking of raw materials on receipt of export orders.

Liquidity position: Strong

TIPL's liquidity position is expected to remain strong, supported by expected net cash accruals of around Rs. 60 crore in FY2026, adequate unutilised lines of credit of Rs. 79.0 crore and liquid investments of Rs. 57.6 crore as on March 31, 2025. In addition to the same, the entity has other long-term investments. The average working capital utilisation over the last 12 months ending on March 31, 2025, stood at 80% of the sanctioned limit of Rs. 210 crore. Against these sources of funds, the entity is likely to incur additional capex of Rs. 90.4 crore towards the project currently being set up under TWPL and PWPL in FY2026 and maintenance capex of Rs. 10 crore, funded through term debt of Rs. 48.9 crore and internal accruals. Besides, the entity has a repayment obligation of Rs. 12.1 crore in FY2026 and Rs. 18.8 crore in FY2027.

Rating sensitivities

Positive factors – The ratings may be upgraded if TIPL demonstrates a healthy improvement in revenue, profitability and debt protection metrics while maintaining its liquidity.

Negative factors – The ratings may be downgraded if there is any sustained pressure on earnings or higher-than anticipated debt-funded capex, which would adversely impact its debt protection metrics and liquidity. Specific credit metrics that may result in a revision in the ratings include DSCR deteriorating below 2.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles - Apparels
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of TIPL. Details of the entities considered for consolidation have been enlisted in Annexure-2

About the company

TIPL was incorporated in 1978 by Mr. Narendra Goenka and family as a garment manufacturing export house. TIPL primarily exports readymade garments to developed countries, with the US being its largest market. TIPL operates from 10 manufacturing facilities spread across Bangalore, Hindupur (Andhra Pradesh) and Tirupur (Tamil Nadu). The company caters to renowned brands in the American and European markets, serving their requirements across product categories.

Besides, TIPL has set up three new units at Shiggaon (Karnataka), Kadapa (Andhra Pradesh) and Siricilla (Telangana) through its subsidiaries, TWPL and PWPL.

Key financial indicators (audited)

TIPL Consolidated	FY2024	FY2025*
Operating income	947.4	1045.6
PAT	83.2	47.9
OPBDITA/OI (%)	13.6%	6.8%
PAT/OI (%)	8.8%	4.6%
Total outside liabilities/Tangible net worth (times)	0.6	0.7
Total debt/OPBDITA (times)	1.6	3.7
Interest coverage (times)	7.0	3.7

*Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore; * Provisional numbers; PAT: Profit after tax; OPBDITA: 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

	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Sep 26, 2025	Date	Rating	Date	Rating	Date	Rating
Fund Based-Working Capital	Short Term	180.00	[ICRA]A1; Rating Watch with Negative Implications	23-Jul-2024	[ICRA]A1	13-Apr-2023	[ICRA]A1	-	-
Fund Based-Term Loan	Long Term	2.10	[ICRA]A; Rating Watch with Negative Implications	23-Jul-2024	[ICRA]A (Stable)	13-Apr-2023	[ICRA]A (Stable)	-	-
Non-Fund Based-Others	Short Term	14.00	[ICRA]A1; Rating Watch with Negative Implications	23-Jul-2024	-	13-Apr-2023	-	-	-
Unallocated-Unallocated	Long Term/ Short Term	28.90	[ICRA]A /[ICRA]A1; Rating Watch with Negative Implications	23-Jul-2024	-	13-Apr-2023	[ICRA]A (Stable)/ [ICRA]A1	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Short Term-Fund Based- Working Capital facilities	Very Simple
Long Term-Fund Based-Term Loan	Simple
Short Term-Non Fund Based-Others	Very Simple
Long Term / Short Term-Unallocated-Unallocated	Not applicable

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 / sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	**Long Term-Fund Based-Term Loan**	FY2014-FY2017	NA	FY2028	2.10	[ICRA]A; Rating Watch with Negative Implications
NA	**Short Term-Fund Based- Working Capital facilities**	NA	NA	NA	180.00	[ICRA]A1; Rating Watch with Negative Implications
NA	**Short Term-Non Fund Based-Others**	NA	NA	NA	14.00	[ICRA]A1; Rating Watch with Negative Implications
NA	**Long Term / Short Term-Unallocated limits**	NA	NA	NA	28.90	[ICRA]A Rating Watch with Negative Implications /[ICRA]A1 Rating Watch with Negative Implications

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Texport Apparels LLP*	--	Full consolidation
Texana World Private Limited	75%	Full consolidation
Punctuate World Private Limited	99%	Full consolidation

*Source: TIPL * strong operational and management linkages enjoyed by Texport Apparel LLP with TIPL*

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