

September 19, 2025

## Richa Global Exports Private Limited: Ratings reaffirmed; outlook revised to Stable from Positive

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund based - Term loans	15.00	15.00	[ICRA]A-(Stable); reaffirmed and outlook revised to Stable from Positive
Short-term – Fund based limits	518.00	518.00	[ICRA]A1; reaffirmed
Short-term – Non-fund based limits	20.00	20.00	[ICRA]A1; reaffirmed
<b>Total</b>	<b>553.00</b>	<b>553.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

For arriving at the ratings, ICRA has taken a consolidated view of two Group entities of the Richa Global Group (referred to as the Group, hereafter), namely Richa Global Exports Private Limited (RGEPL) and ABC Leathers (ABCL), given the close business, financial and managerial linkages between them (refer to the Analytical Approach for details).

The rating action considers an expected moderation in revenues and margins of the Group in H2 FY2026, if the recently imposed upward revision in US tariff rates persists. 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 US tariffs, effective August 27, 2025, has added a punitive 25% duty on select Indian goods, pushing the effective tariff burden to nearly 60-70% in some categories when combined with pre-existing levies. This escalation places Indian exporters at a disadvantage compared to competitors in East and Southeast Asia, who face lower tariff rates. Currently, direct exports to the US account for about 75-80% of the Group's revenues.

ICRA notes these developments and their potential impact on revenue and profitability, as tariff burdens may be difficult to pass on to downstream stakeholders. If the recently imposed tariffs continue, ICRA expects the revenues and margins of the Group to witness a moderation in H2 FY2026. Nevertheless, the ratings remain supported by its long track record, healthy order book position and established relationships with its renowned overseas clientele, which has been providing repeat business. The Group's revenues grew by 15% (on a YoY basis) to Rs. 2,069.2 crore in FY2025 (provisional), supported by healthy demand, and operating margins improved by 90 bps on a YoY basis to 10.8% in FY2025, due to an increase in realisation and benefits arising from economies of scale. In 4M FY2026, the Group registered revenues of around Rs. 732.8 crore and is actively negotiating with its customers to pass on the increased tariff costs. Besides, the implementation of a trade agreement with the UK, supporting an increase in trade volumes to the UK is likely to moderate the impact of higher tariffs levied by the US to some extent.

The ratings remain constrained by the vulnerability of the Group's profitability to adverse changes in foreign currency exchange rates and the export incentive structure, as well as high geographical and client concentration risks. Further, the Group's operations are working capital intensive, driven by elongated inventory and receivable turnover periods. Together with client concentration risk, high receivables expose the Group to counterparty credit risk. The ratings are also constrained by intense competition in the industry, which limits the pricing flexibility of participants. ICRA also notes the risks inherent in a partnership

firm in terms of any significant capital withdrawal (as seen in the past), which may impact the Group's liquidity position. Nonetheless, ICRA will continue to monitor developments in this regard and take appropriate rating action, if necessary.

### Credit strengths

**Extensive experience of promoters and established track record of the Group in the garmenting industry** – Promoted by the Uppal family in 1977, the Group has an extensive track record of over four decades in garment manufacturing and exporting.

**Healthy scale of operations and manufacturing base** – Over the years, the Group has steadily increased its manufacturing capacities and expanded its garment product portfolio in terms of design and fabrics. Thus, the Group benefits from economies of scale, given its sizeable manufacturing base. The larger entity, RGEPL, has an annual manufacturing capacity of around 3 crore garments.

**Established relationships with renowned international brands** – The Group derives almost its entire revenues from the export market. Over the years, it has established relationships with renowned global apparel brands such as Marks & Spencer, Premium Brands, Belk and J. Crew. The Group's client base has been providing repeat business on a sustained basis, reflecting favourably on its track record and competitive positioning in the sector.

**Healthy financial profile** – The Group has been able to scale up its operations at a healthy pace over the last four fiscals (FY2022-FY2025), reporting a revenue CAGR of 20% during this period. While growth remained healthy in FY2022 and FY2023, there was a moderation in FY2024 due to the spillover of deliveries on certain orders to the next fiscal. Subsequently, the Group's revenues grew by 15% (on a YoY basis) to Rs. 2,069.2 crore in FY2025 (provisional), supported by higher volumes and realisations. In 4M FY2026, the Group registered revenues of around Rs. 732.8 crore and is actively negotiating with its customers to pass on the increased tariff costs. The Group's capitalisation and coverage metrics remained healthy as on March 31, 2024, with total debt/ tangible net worth at 0.9 times (0.8 times as on March 31, 2023) and total debt/ OPBDITA at 3.2 times (1.8 times as on March 31, 2023). The interest coverage indicators improved in FY2025 to 7.7 times compared to 6.2 times in FY2024, supported by improved profitability.

While the Group continues to maintain a healthy financial profile, if the recently imposed tariffs persist, ICRA expects the revenues and margins of the Group to witness a moderation in H2 FY2026. Liquidity remains comfortable, supported by cash and liquid investments of around Rs. 100 crore as of August 31, 2025 and healthy cushion in working capital facilities, which continues to support its credit profile and is likely to help the entity withstand any near-term adverse impact of the ongoing scenario. Nonetheless, ICRA will continue to monitor developments in this regard and take appropriate rating action, if necessary.

### Credit challenges

**Working capital intensive nature of operations** – The Group's operations are working capital intensive, as indicated by the average gross working capital cycle (debtors + inventory holding) of over 166 days as on March 31, 2024. The sustenance of a normal receivable cycle and timely receipt of export incentives remain crucial for the Group to maintain a comfortable liquidity position.

**Vulnerable to volatile raw material prices, demand trends in key export markets, exchange rate fluctuations and changes in export incentive structure** – Like other apparel exporters, the Group's profitability is susceptible to adverse movements in raw material prices and foreign exchange rates, given its export-driven revenue profile. Adverse exchange rate fluctuations could affect the Group's revenues and profitability as well as its competitiveness against other exporting countries. However, partial hedging via forward contracts mitigates the risk to some extent. Nevertheless, the Group faces concentration risk in its sales, which primarily take place in the US market (accounting for ~76% of the Group's total sales in FY2024). This makes the company's performance vulnerable to any adverse demand trend or development affecting consumer spending and

preferences in the US. In addition, the Group is exposed to client concentration risk, with its top ten clients accounting for ~82% of total sales in FY2024. Apart from business risks linked to the performance of these clients, high client concentration exposes the Group to counterparty credit risk. Like other apparel exporters, the Group's high dependence on export incentives also exposes its profitability and competitiveness in international markets to any adverse changes in the export incentive structure.

**Limited bargaining power due to significant competition in garment exports business** – The garment export industry is highly fragmented and characterised by intense competition among exporters from India and other low-cost countries such as Bangladesh, China, Vietnam and Indonesia. Intense competition keeps pricing power in check, limiting profitability and the ability of industry participants to pass on increases in input costs of yarn and fabric.

**Seasonality inherent in operations** – As the Group is involved in apparel manufacturing for summer and spring seasons, seasonality is inherent in its revenues, with a major part of revenues reported in H2 of every financial year. This exposes the Group to earnings and cash flow volatility during the year.

### Liquidity position: Strong

The Group's liquidity position is expected to remain strong, backed by steady earnings, adequate unutilised lines of credit and no major debt-funded capital expansion plans. The cushion in sanctioned working capital limits stood at around Rs. 190.7 crore at the end of July 2025. The average cushion in the working capital limit stood at ~22% of the drawing power for the six-month period ended in July 2025.

### Rating sensitivities

**Positive factors** – The ratings could be upgraded if there is a healthy and sustained increase in the Group's scale of operations and profits, together with an improvement in its liquidity profile and capital structure.

**Negative factors** – The ratings could be downgraded if there is a sustained pressure on the Group's sales growth and profitability, or in case of weakening of its liquidity position. Specific credit metrics that could trigger a downgrade include a consolidated interest cover (OPBDITA/ Interest) of less than 4.0 times, on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Textiles - Apparel</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has taken a consolidated view of two Group entities of the Richa Global Group (referred to as the Group, hereafter), namely Richa Global Exports Private Limited (RGEPL) and ABC Leathers (ABCL), given the close business, financial and managerial linkages between them are given in exhibit below.

### About the company

Incorporated in 2005, RGEPL is promoted by the Uppal family. The company commenced operations in July 2007, following the merger of two Group partnership firms, Richa Knitwears and Richa Global. It manufactures knitted and woven garments and primarily exports to established brands like Marks & Spencer, Premium Brands, Belk and J. Crew, mainly in the US markets.

## Key financial indicators (audited)

(consolidated)	FY2023	FY2024	FY2025*
Operating income	2021.4	1792.3	2069.2
PAT	139.9	94.4	-
OPBDIT/OI	12.5%	9.9%	10.8%
PAT/OI	6.9%	5.3%	-
Total outside liabilities/Tangible net worth (times)	1.3	1.3	-
Total debt/OPBDIT (times)	1.8	3.2	2.6
Interest coverage (times)	8.7	6.2	7.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; \*Provisional numbers; Amount 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

Current (FY2026)					Chronology of rating history for the past 3 years					
FY2026					FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long-Term	15.00	Sep 19, 2025	[ICRA]A-(Stable)	Dec 20, 2024	[ICRA]A-(Positive)	Oct 27, 2023	[ICRA]A-(Positive)	Jul 07, 2022	[ICRA]A-(Stable)
Fund based limits	Short-Term	518.00	Sep 19, 2025	[ICRA]A1	Dec 20, 2024	[ICRA]A1	Oct 27, 2023	[ICRA]A1	Jul 07, 2022	[ICRA]A2+
Non-fund based limits	Short-Term	20.00	Sep 19, 2025	[ICRA]A1	Dec 20, 2024	[ICRA]A1	Oct 27, 2023	[ICRA]A1	Jul 07, 2022	[ICRA]A2+

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund based - Term loans	Simple
Short-term – Fund based limits	Simple
Short-term – Non-fund based limits	Very 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 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 - Term loans	FY2015	NA	FY2027	15.00	[ICRA]A-(Stable)
NA	Short-term – Fund based limits	NA	NA	NA	518.00	[ICRA]A1
NA	Short-term – Non-fund based limits	NA	NA	NA	20.00	[ICRA]A1

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
Richa Global Exports Private Limited	100.00%	Full Consolidation
ABC Leathers	100.00%	Full Consolidation

Source: company

## ANALYST CONTACTS

**Jitin Makkar**

+91 124 4545368

[jitinm@icraindia.com](mailto:jitinm@icraindia.com)

**Srikumar K**

+91 44 4596 4318

[ksrikumar@icraindia.com](mailto:ksrikumar@icraindia.com)

**G S Ramakrishnan**

+91 44 4596 4300

[g.ramakrishnan@icraindia.com](mailto:g.ramakrishnan@icraindia.com)

**Geetika Mamtani**

+91 22 6169 3330

[geetika.mamtani@icraindia.com](mailto:geetika.mamtani@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.