

September 19, 2025

First Steps Babywear Private Limited: Update on Entity

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating outstanding
Long Term - Fund Based/Cash Credit	140.00	140.00	[ICRA]A+ (Stable)
Long Term - Fund Based/Term Loan	30.00	30.00	[ICRA]A+ (Stable)
Total	170.00	170.00	

*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 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, which face lower tariff rates.

First Steps Babywear Private Limited's (FSBPL) business has also been impacted by the turbulent trade environment, with most of its products falling under the higher tariff categories. FSBPL and its group entities have manufacturing facilities located in six areas across Bengaluru and Hosur, as well as an additional facility in Sri Lanka. FSBPL, through its wholly-owned subsidiary, Colortone Textiles Private Limited, also has a knitting and processing unit at Chamarajanagar, Karnataka. On a consolidated basis, FSBPL derives around 32% of its revenues from the US markets.

According to discussions with the management, exports to the US prior to imposition of tariff were done partially from the company's manufacturing facilities in India and Sri Lanka. Post imposition of incremental tariffs, the share of volumes processed to the US from its Sri Lankan facility has increased and most of the customers have also agreed to the change in arrangement. FSBPL is planning to increase its production from its factory in Sri Lanka and diversify towards new geographies for mitigating this impact. Besides, implementation of trade agreement with the UK, supporting an increase in trade volumes to the UK, is likely to moderate the impact to an extent.

ICRA notes these developments and their potential impact on revenue and financial flexibility of FSBPL, as tariff burdens may be difficult to pass on to the downstream stakeholders. However, the impact arising from the reciprocal tariff is likely to be limited for FSBPL because of its long relationship with buyers in the infant wear segment for over a decade, and integrated manufacturing facilities with presence both in India and Sri Lanka. The liquidity remains comfortable, supported by cash and liquid investments of Rs. 184 crore as of September 8, 2025 (standalone) and 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 arising out of the current situation. Nonetheless, ICRA will continue to monitor the developments in this regard and take appropriate rating action, if necessary.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities and Key financial indicators: [Click here](#)

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles - Apparel
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated business and financial risk profiles of First Steps Babywear Private Limited and its three wholly-owned subsidiaries (details of which are given in Annexure-II)

About the company

First Steps Babywear Private Limited (FSBPL), a Bengaluru-based garment exporter, incorporated in September 2001, manufactures and exports infant wear, i.e., sleep suits, body suits, multi, semi-fashion styles and accessories. At present, the manufacturing facilities of the Group are spread across six locations in Bengaluru and Hosur, with a capacity of 10.3 crore pieces per annum. Apart from exports, the company supplies to the domestic market through large retail outlets such as Shopper's Stop, Lifestyle, Central, etc., and through the e-commerce platforms like Flipkart, Babyoye and Snapdeal, which are marketed under its own brand, MiniKlub. Exports are largely made to established retailers like Asda Stores Limited, Gerber Childrenswear LLC, The William Carter Company, etc. Apart from manufacturing facilities in Bengaluru and Hosur, the company has a unit in Sri Lanka for taking advantage of their favourable duty exemptions enjoyed with the EU market.

Further, to backward integrate into knitting and processing, FSBPL has incorporated Colortone Textiles Private Limited, which has commissioned its knitting and processing unit in Chamarajanagar, Karnataka. The commercial operations started from Q4 FY2023.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)			Chronology of rating history for the past 3 years							
Instrument	Type	Amount rated (Rs. crore)	Sep 19, 2025	Date	FY2025		FY2024		FY2023	
					Rating	Date	Rating	Date	Rating	Date
Cash credit	Long Term	140.00	[ICRA]A+ (Stable)	Jan 31, 2025	[ICRA]A+ (Stable)	Nov 30, 2023	[ICRA]A+ (Stable)	Sep 26, 2022	[ICRA]A (Stable)	
Term loan	Long Term	30.00	[ICRA]A+ (Stable)	Jan 31, 2025	[ICRA]A+ (Stable)	Nov 30, 2023	[ICRA]A+ (Stable)	-	-	
Fund-based limits	Short Term	-	-	-	-	-	-	Sep 26, 2022	[ICRA]A2+	
Non-fund based limits	Short Term	-	-	-	-	-	-	Sep 26, 2022	[ICRA]A2+	
Unallocated	Long Term/ Short Term	-	-	Jan 31, 2025	[ICRA]A+(Stable)/ [ICRA]A1; long-term rating reaffirmed /short-term rating reaffirmed and withdrawn	Nov 30, 2023	[ICRA]A+ (Stable) / [ICRA]A1	Sep 26, 2022	[ICRA]A (Stable)/ [ICRA]A2+	

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term-Fund Based - Cash Credit	Simple
Long Term - Fund Based- Term Loan	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	Cash Credit	NA	NA	NA	140.00	[ICRA]A+ (Stable)
NA	Term Loan	FY2022	NA	FY2027	30.00	[ICRA]A+ (Stable)

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	FSBPL Ownership	Consolidation Approach
First Steps Babywear Lanka Private Limited	100.00%	Full Consolidation
Colortone Textiles Private Limited	100.00%	Full Consolidation
MiniKlub Retail Pvt. Ltd.	100.00%	Full Consolidation
Colortone Garments Private Limited	100.00%	Full Consolidation
First Steps Babywear UK Limited	100.00%	Full Consolidation

Source: Company

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