September 22, 2025

Orbit Exports Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based – Term loan	35.50	35.50	[ICRA]A (Stable); reaffirmed
Long term / Short term – Fund based limits	30.00	30.00	[ICRA]A (Stable)/ [ICRA]A1; reaffirmed
Total	**65.50**	**65.50**	

**Instrument details are provided in Annexure I*

Rationale

The reaffirmed ratings factor in the extensive experience of the promoters of Orbit Exports Limited (OEL) in the textile industry, as well as the company's established position in niche value-added fabrics and made-ups. The ratings also factor in OEL's robust financial profile, marked by low gearing and healthy debt coverage indicators, as well as a strong liquidity position.

OEL reported 9% YoY growth in revenues to Rs. 218.5 crore in FY2025 with an operating profit margin (OPM) of 25.1%. The company further reported 27% YoY growth in revenues with an all-time high quarterly revenue of Rs. 66 crore in Q1 FY2026, led by healthy demand across key consuming markets, including the US. Notwithstanding the increased demand uncertainties in the US (which accounted for 19% of revenue in FY2025), following the tariff imposition and penalty on Indian manufactured goods effective August 27, 2025 aggregating to effective tariffs in the range of 56-65% from 6-15% for the company, OEL's overall financial performance is expected to remain satisfactory in the near term. The company largely supplies made-ups to the US, and a major share of it is supplied during the first half of the fiscal year. ICRA notes that the company has already fulfilled more than 80% of the confirmed orders in the made-ups segment in YTD FY2026 and expects to execute the pending orders by September 2025 (with tariff burden being borne by customers). Additionally, the company has already shipped a large inventory of fabric to its US-based subsidiary, Orbit Inc, which will be liquidated in the coming months. Coupled with steady offtake from other regions, this should support the revenues and profits of the company in FY2026.

The ratings, however, remain constrained by OEL's moderate scale of operations as well as its working capital nature of operations, as reflected by the net working capital vis-à-vis the operating income of 35% as on March 31, 2025. This is primarily due to its elevated inventory holding period. The company's ability to reduce its inventory turnover remains critical. Its profitability also remains susceptible to foreign exchange rate (forex) fluctuation risks due to its export-dominated revenue profile, although hedging via forward contracts mitigates the risk to a large extent. The company's revenues and profitability are also exposed to global textile demand conditions and volatility in raw material prices.

The Stable outlook on the [ICRA]A rating reflects ICRA's opinion that OEL's credit profile is expected to remain comfortable, supported by its established presence in the niche value-added textiles segment and increasing focus on the domestic markets. The financial profile will remain strong with modest debt repayment obligations and sizeable cash and bank balances, despite OEL's capital expenditure plans.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in the textile industry – OEL was promoted as a private limited company in 1983 by Ms. Shailaja Asave and Mr. Shyamsunder Seth for fabric manufacturing. In 1994, the company was converted into a public limited concern. At present, its operations are overseen by Mr. Pankaj Seth and Ms. Anisha Seth, who acquired the company in 2004.

The management has experience of more than two decades in manufacturing and around three decades in exporting fabrics, which enabled the company to establish itself in the domestic as well as international markets.

Healthy profitability indicators, marked by high contribution from value-added products – OEL manufactures customised textiles that find application in high fashion garments, home furnishings, bridal wear and various festive fabrics, which are primarily high value-added products. This enables the company to charge a premium for its products. Further, a high proportion of sales is derived from in-house fabric manufacturing. These, along with the management's focus on high-margin commodities, enabled the company to report a healthy OPM of 25-30% during the last five years (except in FY2021 when the OPM moderated to 18% due to the adverse impact of the pandemic). The company largely supplies made-ups to the US, of which a major portion is supplied during the first half of the fiscal year. ICRA notes that the company has already fulfilled more than 80% of the confirmed orders in the made-ups segment in YTD FY2026 and expects to execute the pending orders by September 2025 (with tariff burden being borne by customers). Coupled with steady offtake from other regions, this should support the revenues and profits of the company in FY2026.

Strong financial profile – OEL's financial profile is strong, marked by a low gearing of 0.1 times as on March 31, 2025 due to a healthy net worth position and limited reliance on debt. Its debt coverage indicators are robust, as reflected by an interest cover of 29.6 times (compared to 18.5 times in FY2024) and total debt vis-à-vis the operating profit of 0.3 times in FY2025 (compared to 0.4 times in FY2024). Thus, the overall financial profile is comfortable. OEL's dependence on debt has remained negligible in the last two fiscals, driven by healthy cash flows and modest debt repayment obligations. Its liquidity position is also strong with cash and liquid investments of Rs. 60.9 crore and entirely unutilised fund-based limits of Rs. 30 crore as on March 31, 2025.

Credit challenges

Moderate scale of operations, demand headwinds in export markets in H2 FY2026 – The company's scale of operations is modest, with revenues of Rs. 218 crore in FY2025. While Indian apparel exports are expected to grow by 7-9% on a YoY basis in FY2026, following inventory liquidation at the retailers' level and benefits from the China plus One strategy, challenges continue to prevail amid inflationary pressure and tepid economic growth in key markets. However, the growth impetus in the medium term would remain contingent on the ongoing tariff-related uncertainties in the US and any resolution to the FTA talks with the UK and the EU. This may exert some pressure on the company's exports in the current fiscal and constrain its modest, albeit improving, scale of operations. ICRA, however, draws comfort from the company's established position in the niche and high-value-added segments and increasing the visibility of its products in the domestic market and steady demand from the UK and the West Asia markets.

Working capital-intensive nature of operations – The company's working capital intensity of operations, as reflected by the net working capital vis-à-vis the operating income, remained high at 35% as on March 31, 2025. This was primarily on account of its high inventory holding period. The company holds an elevated inventory of finished products, as it manufactures various fabrics according to customer specifications and conducts production in batches, which leads to a higher working capital requirement. Also, as OEL routes a portion of its sales through Group companies (based out of the US and the UAE), where longer credit periods are offered, it results in an extended receivable cycle. However, ICRA notes that there are no delays in the realisation of receivables from the Group companies. Additionally, the company has already shipped a large inventory of fabric to its US-based subsidiary, Orbit Inc., which will be liquidated in the coming months. Going forward, the timely liquidation of inventory remains critical from credit perspective.

Vulnerability of profitability to global textile demand conditions, volatility in foreign currency exchange rates and raw material prices; intense competition in the industry – OEL's profitability remains susceptible to adverse movements in foreign exchange rates as 60-70% of the revenues are derived from exports. However, the company has a hedging mechanism in place against forex fluctuations, which provides comfort to a certain extent. OEL's revenues and profitability also remain susceptible to the cyclicality in the global textile industry and volatility in raw material prices. The textile industry is very competitive due to the fragmented nature of the market and low entry barriers. OEL mostly encounters competition from international players.

However, focus on a niche product segment has helped it partly mitigate the intense competition in the industry and pass on the raw material price hikes to its customers, supporting its profitability.

Environmental and social risks

Environmental risks: The apparel industry is exposed to environmental risks, primarily through water usage, land use, the impact of climate on production, and post-consumer waste. While these risks have not resulted in material implications so far, policy actions relating to waste management and environmental impact, such as recycling textiles, could have cost implications for companies. Additionally, dyeing and processing of fabrics cause water pollution and result in significant wastewater generation. While OEL has implemented water treatment facilities at two of its manufacturing plants, any disruption in measures taken for the appropriate treatment of wastewater/effluents could result in significant penalties, while also causing prolonged adverse impacts on operations if the authorities take strict action.

Social risks: Being a labour-intensive segment, entities operating in the garment sector are exposed to the risk of disruption due to the inability to properly manage human capital in terms of safety and overall well-being. Measures taken by the company towards employee welfare have, however, ensured no adverse impact on the company's performance from the above-mentioned risks till date. Further, textile exporters are exposed to the risks of protests/conflicts with local communities. Besides, shortage of skilled workers could also affect operations/growth plans and remains a key concern. Entities also remain exposed to any major shift in consumer preferences or developments that affect discretionary consumer spending in key markets.

Liquidity position: Strong

OEL's liquidity position is strong, supported by free cash/bank and liquid balances of Rs. 60.9 crore (including non-current investment of Rs. 51.6 crore, comprising investment in equity shares and mutual funds) and a cushion available in the form of entirely undrawn working capital limits of Rs. 30 crore as on March 31, 2025. OEL's average utilisation of working capital limits during the 12-month period ended July 2025 stood at 12% (reflecting an average unutilised limit of Rs. 26.4 crore during the said period with adequate drawing power). OEL's cash flow from operations is expected to be Rs. 35-40 crore for FY2026. The company plans to incur partially debt-funded capex of Rs. 30 crore in FY2026 and has modest debt obligations of Rs. 7.98 crore in FY2026 and Rs. 1.58 crore in FY2027. The company also plans to incur maintenance capex of ~Rs. 10 crore in the medium term.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company is able to register a significant growth in revenues while maintaining its comfortable debt coverage metrics and liquidity position on a sustained basis.

Negative factors – The ratings may be downgraded if a significant decline in sales and profitability materially impacts the company's debt coverage indicators and liquidity position. Any larger-than-planned debt-funded capex or inability to improve the inventory turnover, adversely impacting the financial profile and liquidity position, would be a negative factor. Specific credit metric that could lead to a rating downgrade include total debt vis-à-vis operating profit of more than 2 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles - Fabric
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of OEL. As on March 31, 2025, OEL had one subsidiary and one associate company, enlisted in Annexure-II.

About the company

Incorporated in 1983 as a private limited company, Orbit Exports Limited was converted into a public limited company in 1994. The company is engaged in the manufacturing and sale of woven fabric and made-ups (fancy textiles). Besides their use in manufacturing garments, OEL's products find usage in high-fashion evening wear garments, home furnishings, bridal wear, and during festivals/holidays. The company's manufacturing facilities are at Surat (Gujarat), Sarigam (Gujarat), and Kalyan (Maharashtra), while its corporate office is in Mumbai.

The product profile comprises velvet cloth, jacquard cloth, and home textiles under the fabrics segment, and wrapping cloth, Christmas ribbons, and decorative cloth under the fancy or made-up textiles segment. The company has been consistently expanding its capacity to meet the growing demand and at present has ~178 looms installed in its units. Besides the use of its own manufacturing facilities, the company also outsources ~10-15% of its requirements to third-party manufacturers. The company endeavours to produce value-added products at its own factories and outsources the balance to job workers.

Orbit Inc (a wholly owned subsidiary of OEL) and Rainbow Line Trading LLC (an associate of OEL), both incorporated in 2014, are engaged in distributorship services across the US and West Asia markets, respectively.

Key financial indicators (audited)

OEL Consolidated	FY2024	FY2025	Q1 FY2026
Operating income	201.1	218.5	67.0
PAT	30.5	37.7	14.6
OPBDIT/OI	26.4%	25.1%	28.3%
PAT/OI	15.2%	17.2%	21.8%
Total outside liabilities/Tangible net worth (times)	0.3	0.2	
Total debt/OPBDIT (times)	0.4	0.3	
Interest coverage (times)	18.5	29.6	42.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; 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

Instruments	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Sep 22, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Term loan	Long term	35.50	[ICRA]A (Stable)	Dec 30, 2024	[ICRA]A (Stable)	Sep 18, 2023	[ICRA]A (Stable)	Jul 21, 2022	[ICRA]A- (Stable)
Fund based – Cash credit	Long term / Short term	30.00	[ICRA]A (Stable)/ [ICRA]A1	Dec 30, 2024	[ICRA]A (Stable)/ [ICRA]A1	Sep 18, 2023	[ICRA]A (Stable)/ [ICRA]A1	-	-
Non-fund based	Short term	-	-	-	-	-	-	Jul 21, 2022	[ICRA]A2+
Unallocated limits	Long term / Short term	-	-	-	-	-	-	Jul 21, 2022	[ICRA]A- (Stable)/ [ICRA]A2+
Fund-based - Cash Credit	Long Term	-	-	-	-	-	-	Jul 21, 2022	[ICRA]A- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based – Term loan	Simple
Long term / Short term – Fund based – Cash credit	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 loan	FY2020	8.0-8.8%	FY2027	35.50	[ICRA]A (Stable)
NA	Long term / Short term – Fund based – Cash credit	NA	NA	NA	30.00	[ICRA]A (Stable)/[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
Orbit Exports Limited	Rated Entity	Full Consolidation
Orbit Inc	Subsidiary	Full Consolidation
Rainbow Line Trading LLC	Associate	Equity Method

Source: Company Data

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
jitinm@icraindia.com

Kinjal Shah
+91 22 6114 3442
kinjal.shah@icraindia.com

Sakshi Suneja
+91 22 6169 3349
sakshi.suneja@icraindia.com

Brinda Goradia
+91 22 6169 3327
brinda.goradia@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

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

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

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches