

September 23, 2025

FA Home and Apparel Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Short-term fund-based	116.00	116.00	[ICRA]A2; reaffirmed
Long-term fund-based term loans	44.00	44.00	[ICRA]BBB+ (Stable); reaffirmed
Long-term/short-term unallocated	20.00	20.00	[ICRA]BBB+ (Stable)/[ICRA]A2; reaffirmed
Total	180.00	180.00	

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation factors in the expectation that FA Home and Apparel Private Limited (FAH) will continue to maintain a healthy credit profile, even as the recent imposition of tariffs by the US (key geography catered) is likely to have a moderating impact on the company's earnings. The entity is expected to report slight decline in revenues in the current fiscal owing to the impact of tariffs imposed by the US on the company's exports. The entity has negotiated with its customers to bear the incremental tariff costs till date, thereby limiting the impact on its performance in H1 FY2026. However, the operating margins are expected to remain under pressure in H2 FY2026, as the entity has passed on certain discounts to customers after the recent tariff hike, given the higher tariffs imposed place Indian exporters at a disadvantage compared to other competing nations, who face lower tariffs. ICRA would continue to monitor the developments in this regard and take appropriate rating action, as and when needed.

The ratings continue to favourably factor the extensive experience of the company's promoters, established track record in the textile industry and its long relationships with customers, leading to a healthy increase in revenues over the years. The relatively stable and healthy operating margins have resulted in generation of strong cash accruals in the past, limiting the dependence on external borrowings. The company has a robust financial risk profile as reflected in healthy debt coverage indicators (interest coverage of 12.6 times in FY2025). The liquidity profile of the entity remains adequate, characterised by a cushion of Rs. 61 crore in the form of unutilised working capital limits (last 14 months ending August 2025) as well as cash and investments of Rs. 80-90 crore as on August 31, 2025. The liquidity is expected to support its credit profile and is likely to help the entity withstand any adverse impact of the ongoing tariff scenario.

These strengths are partially offset by FAH's exposure to geographical and customer concentration risks as more than 90% of revenues are being generated from the US market and the top five customers have been contributing around 80% of the revenues over the years. Moreover, the company's profitability is exposed to volatility in foreign exchange rates and raw material prices. FAH's competitiveness and profitability also remain vulnerable to changes in export incentives offered by the Government. The ratings also continue to factor in intense competition in the textile export industry from other domestic players as well as other low-cost textile exporting countries, which limits the company's pricing power. The ratings further consider the changing trends in the fashion industry besides dependence on consumer tastes and economic cycles of the destination countries.

ICRA also notes that out of Rs 90.86 crore of unsecured loans as on March 31, 2025, the company is required to maintain at least Rs. 80 crore for the long term as per condition mentioned by bankers. Any material reduction in the unsecured loans extended by the promoters would remain monitorable.

The Stable outlook reflects ICRA's expectation that despite near-term uncertainty stemming from the tariff imposed, the credit profile of the entity is expected to remain commensurate to the rating category.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters with established track record in textiles industry – The promoters of FAH, Ms. Chandrika Thatai and her family members have experience of over two decades in the textile sector. This has led to healthy growth in scale over the years.

Established relationships with leading global customers – FAH manufactures home textiles products and apparels for major global players in the export market. The major customers include William Sonoma PTE Ltd. and the J Crew Group, among others.

Comfortable debt coverage metrics – Lower reliance on debt, coupled with healthy profitability over the years, led to comfortable debt coverage metrics for FAH. The company reported an interest coverage of 12.6 times and net cash accruals vis-à-vis the total debt of 52% in FY2025. Moreover, revenues have increased at a healthy pace over the last four years, led by FAH's foray into the apparel division and its established relationships with customers. The revenues are expected to decline in the current fiscal owing to the impact of recent tariff imposition to the extent of 50% by the US. ICRA notes the moderate net worth base of the company, mainly impacted by capital withdrawals and part-conversion to unsecured loans undertaken in the past. Nonetheless, Rs. 80 crore of unsecured loans are to be retained in the business, as per the bank's stipulated conditions.

Credit challenges

Exposure to customer and geographical concentration risks – The company is exposed to high customer concentration risk, with the top five customers accounting for more than 80% of revenues in FY2025. Besides, more than 90% of revenues are derived from the US market, depicting geographical concentration risk. Any change in regulations of importing countries can impact the company's revenues.

Exposure to significant competition in export markets - FAH faces intense competition in the garment and home textile export industry from other domestic players as well as companies from other low-cost textile exporting countries, which limits the pricing power. Moreover, the recent tariffs put Indian exporters at a disadvantage compared to other countries with lower tariff rates.

Working capital-intensive nature of operations – The operations of FAH are working capital intensive in nature due to high receivable and inventory holding periods. The company generally maintains an inventory for 25-40 days, mostly backed by orders. The company provides credit of 45-60 days to customers and gets 30-45 days of credit from suppliers.

Exposed to volatile raw material prices, demand trends in key export markets, forex rates and changes in export incentive structure – FAH's profitability is vulnerable to volatility in raw material prices, as there is a lag between order booking and deliveries. As FAH derives almost the entire revenue from exports with limited dependence on imported raw materials, its profitability is exposed to fluctuations in forex rates. However, the company's demonstrated track record of maintaining healthy profitability during the last few years, despite volatilities in raw material prices, provides comfort. Further, FAH's policy of hedging partial forex exposure partially mitigates the forex risk. Moreover, like other textile exporters, FAH's profitability is supported by export incentives. This exposes the exporters' profitability to any adverse change in the policies.

Liquidity position: Adequate

FAH's liquidity position is adequate, corroborated by an average cushion of around Rs 60 crore in its fund-based working capital limits in past 14 months and cash and investments of Rs. 80-90 crore as on August 31, 2025. FAH has repayment obligation of Rs. 7.4 crore in FY2026. ICRA expects the company's fund flow from operations to be adequate to fund its debt repayments as well as margin money requirements for its working capital and capital expenditure plans.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if FAH demonstrates a sustained healthy improvement in its scale and net worth position, while sustaining healthy profit margins and effectively managing its working capital cycle.

Negative factors – The ratings may be downgraded if pressure on revenues and profitability, and/or an elongation of working capital cycle or large debt-funded capex results in weakening of debt coverage metrics and/or liquidity position. A sustained weakening in the ratio of total debt to operating profits to more than 2.5 times, on a sustained basis, would be a negative trigger.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles-Apparels
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financials of the company.

About the company

FAH was incorporated in 2000 as a partnership firm by Ms. Chandrika Thatai. It manufactures and exports home textiles, accessories and apparels. Over the years, the company has developed its business as well as its presence across international markets including the US, the UK and Europe. It was converted into a private limited company on July 24, 2023.

Key financial indicators (Audited)

Standalone	FY2024	FY2025
Operating income	799.6	1,067.9
PAT	70.5	108.8
OPBDIT/OI	14.3%	15.7%
PAT/OI	8.8%	10.2%
Total outside liabilities/Tangible net worth (times)	6.1	1.9
Total debt/OPBDIT (times)	2.3	1.3
Interest coverage (times)	15.0	12.6

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	23-Sep-25	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Unallocated	Long Term/Short Term	20.00	[ICRA]BBB+ (Stable)/[ICRA]A2	Sep 30, 2024	[ICRA]BBB+ (Stable)/[ICRA]A2	-	-	-	-
Fund Based-Term Loan	Long Term	44.00	[ICRA]BBB+ (Stable)	Sep 30, 2024	[ICRA]BBB+ (Stable)	-	-	-	-
Fund Based- Export Packing Credit	Short Term	116.00	[ICRA]A2	Sep 30, 2024	[ICRA]A2	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term /short-term-Unallocated	NA
Short-term-Fund based-Export packing 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 / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Short term Fund-Based	NA	NA	NA	116.00	[ICRA]A2
NA	Long-term Fund-Based Term Loans	FY2024	NA	FY2029	44.00	[ICRA]BBB+ (Stable)
NA	Long-term/short term Unallocated	NA	NA	NA	20.00	[ICRA]BBB+ (Stable)/[ICRA]A2

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis - Not applicable

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