February 26, 2026

Richa Global Exports Private Limited: Ratings reaffirmed and assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short-term-fund-based-others	518.00	668.00	[ICRA]A1; Reaffirmed/Assigned for enhanced amount
Short-term-non-fund based-Others	20.00	20.00	[ICRA]A1; Reaffirmed
Long-term-fund-based-term loan	15.00	15.00	[ICRA]A- (Stable); Reaffirmed
Total	**553.00**	**703.00**	

**Instrument details are provided in Annexure-I*

Rationale

For arriving at the rating, 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 reaffirmation on the bank lines of the Group considers an expected improvement in its operational and financial performance over the medium term, aided by its long track record in apparel exports, healthy order book position and established relationships with renowned overseas clientele, which has been providing repeat businesses. Its revenues grew by 29% (on a year-over-year (YoY) basis) to Rs. 2,309.4 crore in FY2025, supported by an increase in sales volumes and realisation. However, operating margins dipped by 80 basis points (bps) on a YoY basis to 9.1% in FY2025 due to a rise in raw material prices. During the current fiscal, the US government imposed reciprocal tariffs and additional ad valorem duty of 25% on apparel exports, prompting the Group to offer discounts to retain its US customers. Although the entity's margins could decline in FY2026 because of these customer discounts, advantages from a weaker rupee and ongoing cost-cutting measures are expected to partially counteract this effect. The recent reduction of US tariffs and signing of a free trade agreement with the UK are likely to provide further diversification opportunities for the company and support a healthy recovery in the Group’s profitability from FY2027 onwards. Various cost-cutting initiatives implemented by the entity are also anticipated to improve the entity's margins over the medium term.

The ratings also remain supported by the Group’s healthy financial profile with comfortable capitalisation and coverage metrics. Operations are partly seasonal, resulting in the highest working capital demand toward the close of the financial year, after which levels moderate. Thus, TD/OPBDITA moderated to 3.4 times in FY2025 compared to 3.2 times in FY2024. Additionally, owing to the decline in operating margins, interest coverage ratio moderated to 4.8 times in FY2025 compared to 6.2 times in FY2024. However, the same remained within comfortable levels.

The ratings, however, continue to be constrained by the vulnerability of the Group’s profitability to any demand-linked factors, any adverse changes in foreign currency exchange rates, tariffs and the export incentive structure, as well as high geographical and client concentration risks. Further, its operations are working capital-intensive, driven by elongated inventory and receivable turnover periods. Together with client concentration risk, elevated 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.

The Stable outlook on the company’s long-term rating reflects ICRA’s expectation of comfortable capital structure and debt coverage metrics, supported by steady earnings growth and working capital intensity. Further, the outlook underlines ICRA’s anticipation that the entity’s incremental capital expenditure (capex), if any, will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

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 the garment manufacturing and exporting industry.

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

Established relationships with renowned international brands – The Group derives almost its entire revenue 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 (FY2021-FY2025), reporting a revenue compound annual growth rate (CAGR) of 23.7% over 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, revenues grew by 29% (on a YoY basis) to Rs. 2,309.4 crore in FY2025, supported by higher volumes and realisations. In 9M FY2026, the Group registered revenues of around Rs. 1,467.4 crore. While revenues are expected to moderate by around 5% in FY2026 due to the impact of the US tariffs, a healthy recovery is anticipated in FY202. Additionally, the Group's capitalisation and coverage metrics remained comfortable as on March 31, 2025, with total debt/tangible net worth at 1.0 times (0.9 times as on March 31, 2024) and total debt/ OPBDITA at 3.4 times (3.2 times as on March 31, 2024). While interest coverage ratio moderated in FY2025 to 4.8 times compared to 6.2 times in FY2024, due to a reduction in operating margins, the same continued to be within comfortable levels.

Credit challenges

Working capital intensive nature of operations and seasonality inherent in operations – The Group's operations are working capital-intensive, as indicated by the average gross working capital cycle (debtors + inventory holding) of over 168 days as on March 31, 2025. The sustenance of a normal receivable cycle and timely receipt of export incentives remain crucial for the Group to maintain a comfortable liquidity position. 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.

Vulnerable to volatile raw material prices, demand trends in key export markets, tariffs, 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. Changes including additional tariff imposition by certain countries, 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. Recently, in FY2026, the entity had reduced its hedging proportion towards getting better realisation. However, according to the management, it would increase its hedging based on market conditions. Nevertheless, the Group faces concentration risk in its sales, which primarily take place in the US market (accounting for 82% of total sales in FY2025). 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 72% of total sales in FY2025. Apart from business risks linked to the performance of these clients, elevated client concentration exposes the Group to counterparty credit risk. Like other apparel exporters, the Group's high dependence on export incentives also makes its profitability and competitiveness in international markets vulnerable to any adverse changes in the export incentive structure.

Limited bargaining power due to significant competition in garment export 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.

Liquidity position: Strong

The Group's liquidity position is expected to remain strong, backed by projected cash flow from operations of around Rs. 100 crore, cash and liquid investments of Rs. 44.1 crore and unutilised lines of credit of Rs. 35.6 crore as on December 31, 2025. Average working capital utilisation over the last 12 months ending December 2025 stood at 77% against sanctioned working capital limits of Rs. 583 crore. The company has also received an enhancement of Rs. 100 crore (seasonal limit) in its working capital facilities w.e.f. Jan 2026. Against these sources of cash, the entity is likely to incur capex of around Rs. 40 crore in FY2026, funded through internal accruals, and has debt repayment obligations of Rs. 21.2 crore in FY2026 and Rs. 14.7 crore in FY2027.

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	Textiles - Apparels Corporate Credit Rating Methodology
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, which are enlisted in Annexure II, given the close business, financial and managerial linkages between them.

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	FY2024	FY2025	H1FY2026*
Operating income	1,792.3	2,309.4	976.3
PAT	94.4	113.2	62.9
OPBDIT/OI	9.9%	9.1%	10.2%
PAT/OI	5.3%	4.9%	
Total outside liabilities/Tangible net worth (times)	1.3	1.5	
Total debt/OPBDIT (times)	3.2	3.4	
Interest coverage (times)	6.2	4.8	

*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: Not applicable

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Rating history for past three years

Instrument	Current rating (FY2026)					Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024		FY2023	
	Type	Amount rated (Rs crore)	Feb 26, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based-term loan	Long term	15.00	[ICRA]A- (Stable)	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-others	Short term	668.00	[ICRA]A1	Sep 19, 2025	[ICRA]A1	Dec 20, 2024	[ICRA]A1	Oct 27, 2023	[ICRA]A1	Jul 07, 2022	[ICRA]A2+
Non-fund based-others	Short term	20.00	[ICRA]A1	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 – Term loans	Simple
Short-term – Fund based limits	Simple
Short-term – Non-fund based limits	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 – term loans**	FY2015	NA	FY2027	15.00	[ICRA]A- (Stable)
NA	**Short-term – fund based limits**	NA	NA	NA	668.00	[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 and ICRA Research

Note: ICRA has taken a consolidated view of the two Group entities of the Richa Global Group.

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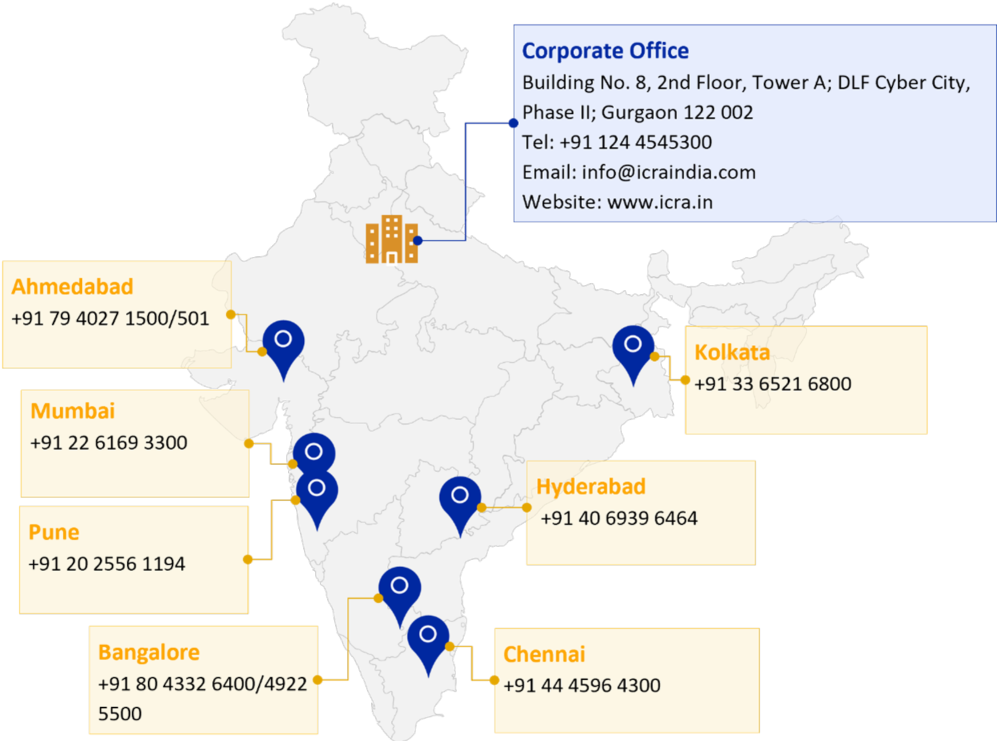

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