

May 05, 2025

## Radiant Expovision Private Limited: Ratings reaffirmed, outlook revised to Negative from Stable

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Cash Credit	10.00	10.00	[ICRA]BBB (Negative); reaffirmed and outlook revised to Negative from Stable
Long-term – Fund-based – Term Loan	25.50	30.50	[ICRA]BBB (Negative); reaffirmed and outlook revised to Negative from Stable
Short-term – Fund-based – Domestic/export credit facility	64.50	64.50	[ICRA]A3+; reaffirmed
Short-term – Non-fund based – Forward Cover	5.00	0.00	-
<b>Total</b>	<b>105.00</b>	<b>105.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The revision in the outlook factors in the expectation of continued pressure on Radiant Exports Private Limited's (REPL) debt coverage metrics, emanating from an increase in debt levels because of higher working capital intensity (NWC/OI has increased to 43-45% in FY2025 from ~24% in FY2022, owing to increase in inventory days). The company's cash flow from operations have remained weak over the past few fiscals, resulting in a deterioration in the liquidity position (cushion in the working capital limits remains limited with an average utilisation of 95%). Owing to lower-than-estimated revenue from the apparel business and higher borrowings, the debt protection metrics have moderated, as indicated by Total Debt/ OPBIDTA and Interest coverage of 6.3 times and 2.6 times, respectively as on March 31, 2025 (estimated). REPL's performance over the past few fiscals has remained under pressure owing to muted demand of home textile products in the key export markets (the US and Europe) amid high inflation and geopolitical issues. While addition of new clients and sales from the new garment business have helped in partial recovery of the overall sales in FY2025, the sustenance of growth in the current fiscal will remain a key monitorable.

The ratings continue to positively factor in the extensive experience of the promoters in the home textile furnishings export industry and the company's established relationships with reputed international retailers that have helped garner repeat orders. With the addition of new clients and sales from the recently established garment business, the company has diversified its business to some extent. The overall operating profit margin have remained steady as the company is involved in designer products, which help it earn a premium. Moreover, the company's healthy order book position provides revenue visibility over the near term.

The ratings continue to be constrained on account of high client and geographical concentration risks, exposing the company to the counterparty credit risk as a significant proportion of revenues comes from a single customer, exposing it to the vendor concentration. Intense competition from other domestic players and low-cost countries, which restricts the company's pricing flexibility, also constrains the margins. The ratings also factor in the vulnerability of the company's profitability to foreign exchange rate fluctuations and high dependence on export incentives provided by the Government of India. Any downward revision in the same or any other unfavourable regulatory changes may adversely impact its margins.

The recent uncertainty surrounding the imposition of import tariffs by the US is another risk factor for the sector. If imposed at the level envisaged (i.e. 26%), it remains to be seen what impact it might have on demand, how US importers will respond to the tariff shock and the associated price inflation, and the extent to which exporters like REPL will be compelled to share the tariff burden. Nevertheless, given the significantly higher tariffs imposed on competing nations, especially China, exporters from India like REPL appear to have a comparative advantage. This will present an opportunity to counteract the pricing pressure by expanding volumes through market share gains.

## Key rating drivers and their description

### Credit strengths

**Extensive experience of promoters in home furnishing textiles** – The promoters have almost three decades of experience in the home furnishing industry and are involved in the company's day-to-day operations. This ensures high-quality products and gets repeat orders from its customers.

**Established relationships with globally renowned clients** – REPL supplies to some of the major global players like Target Stores, Euromarket Designs, Dillard Store Services etc. It has a track record of getting repeat orders, which supports its revenue stability.

### Credit challenges

**Increased working capital intensity and pressure on sales** – The US remains the largest market for Indian home textiles. However, subdued demand amid recessionary fears in the US has resulted in a decline in exports to the country and consequently a fall in the company's revenue. REPL's operations are working capital intensive as the company is required to maintain sufficient raw materials and finished goods inventory to meet its customer requirements within a reasonable period. Further, working capital utilisation has increased in the past two fiscals due to addition of new clients, especially in the garments business. Consequently, due to lower-than-estimated revenue from the apparel business along with increased borrowing level, the debt protection metrics moderated. Its Total Debt/ OPBIDTA and Interest coverage stood at 6.3 times and 2.6 times, respectively as on March 31, 2025 (estimated).

**High customer and geographical concentration risks; intense competition from low-cost countries** – The company receives a significant portion of its revenues from a single customer, Target Stores, US (accounted for ~52% of revenues in 9M FY2025). As a result, it remains exposed to increased customer concentration risk. As far as geographical concentration is concerned, the sales are highly skewed to the US. However, with the commencement of the garments business, the same has improved from FY2023. Intense competition from other low-cost countries as well as domestic competitors keeps the pricing power in check, limiting profitability.

**Exposure to foreign exchange rate volatility and fluctuations in costs of raw materials** – As exports constitute a significant percentage of REPL's turnover, it remains exposed to the foreign currency fluctuation risks to the extent of the unhedged exposure. Further, any major raw material price escalation would affect profitability owing to intense competition and the inability of the company to pass on the raw material price hike to its customers. However, ICRA notes that the profit margins of REPL remain stable as the company deals in designer products, which earn a premium.

**Exposed to risks associated with policy and regulatory changes including export incentives** – The Government of India (GoI) extends various incentives to encourage exporters. The company enjoys export incentives in the form of duty drawbacks and licence sale, which support its operating profit margins. Thus, any change in the incentives extended by the GoI to exporters or in the regulatory policies of importing countries can adversely impact the company's profitability and cash flows.

### Liquidity position: Stretched

The company's liquidity position is stretched, characterised by limited buffer in the working capital limits (average utilisation stood at 94% during the last 16-months period ending in March 2025) and limited cash and bank balances. Moreover, due to

a slowdown in the market and with requirement of a sizeable inventory holding and longer credit period offered to the customers in the apparel business, the company's reliance on working capital borrowings has increased. Even as the company's repayment obligations remain at moderate levels (~Rs. 8 crore in FY2026), the company's ability to effectively manage its working capital cycle and timely infusion of funds by the promoters in case of any funding mismatch will be key determinants of its liquidity position.

## Rating sensitivities

**Positive factors** – The outlook may be revised to Stable if there is a significant increase in REPL's revenue and profits, leading to an improvement in its liquidity and a moderation in its working capital intensity on a sustained basis.

**Negative factors** – The ratings could be downgraded if there is any material decline in the company's revenue and profitability, on a sustained basis. The ratings could also be impacted if REPL undertakes unanticipated fresh debt-funded investments/acquisitions or experiences any significant stretch in its working capital cycle, adversely impacting its liquidity. A specific credit metric for ratings downgrade includes OPBDITA/Interest below 3.0 times, on a sustained basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

## About the company

REPL (initially Radiant Exports) was set up in 1991 as a partnership firm by Major General (Retired) Mr. K. K. Sehgal and his son, Mr. Vivek Sehgal. Subsequently, the firm was converted into a private limited company, Radiaant Expovision Private Limited, in February 2019. The company manufactures textile home furnishings including cushions, cushion covers, table cloths, bed covers, quilts, kitchen linen, and curtains. REPL operates through six units — five in Noida (Uttar Pradesh) and one in Karur (Tamil Nadu). The entity is a ~100% export-oriented unit and exports to leading retailers, primarily those in the US and Europe. Also, the company commenced operations of the new garment unit in FY2023 for manufacturing shirts.

## Key financial indicators (audited)

Standalone	FY2023	FY2024
Operating income	264.3	233.7
PAT	11.0	5.2
OPBDIT/OI	8.5%	7.1%
PAT/OI	4.2%	2.2%
Total outside liabilities/Tangible net worth (times)	2.0	2.1
Total debt/OPBDIT (times)	4.7	6.8
Interest coverage (times)	3.6	2.5

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)	May 05,2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash Credit	Long-term	10.00	<b>[ICRA]BBB (Negative)</b>	-	-	8-Mar-24	[ICRA]BBB (Stable)	22-Mar-23	[ICRA]BBB+ (Negative)
Fund-based – Term Loan	Long-term	30.50	<b>[ICRA]BBB (Negative)</b>	-	-	8-Mar-24	[ICRA]BBB (Stable)	22-Mar-23	[ICRA]BBB+ (Negative)
Fund-based – Domestic/export credit facility	Short-term	64.50	<b>[ICRA]A3+</b>	-	-	8-Mar-24	[ICRA]A3+	22-Mar-23	[ICRA]A2
Non-fund based – Forward Cover	Short-term	-	-	-	-	8-Mar-24	[ICRA]A3+	22-Mar-23	[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
Short-term – Fund-based – Domestic/export credit facility	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	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based – Cash Credit	NA	NA	10.00	[ICRA]BBB (Negative)
NA	Fund-based – Term Loan	Nov 2021	May 2031	6.90	[ICRA]BBB (Negative)
NA	Fund-based – Term Loan	Oct 2021	Jan 2028	11.00	[ICRA]BBB (Negative)
NA	Fund-based – Term Loan	Apr 2024	Apr 2028	12.60	[ICRA]BBB (Negative)
NA	Domestic/Export Credit Facility	NA	NA	64.50	[ICRA]A3+

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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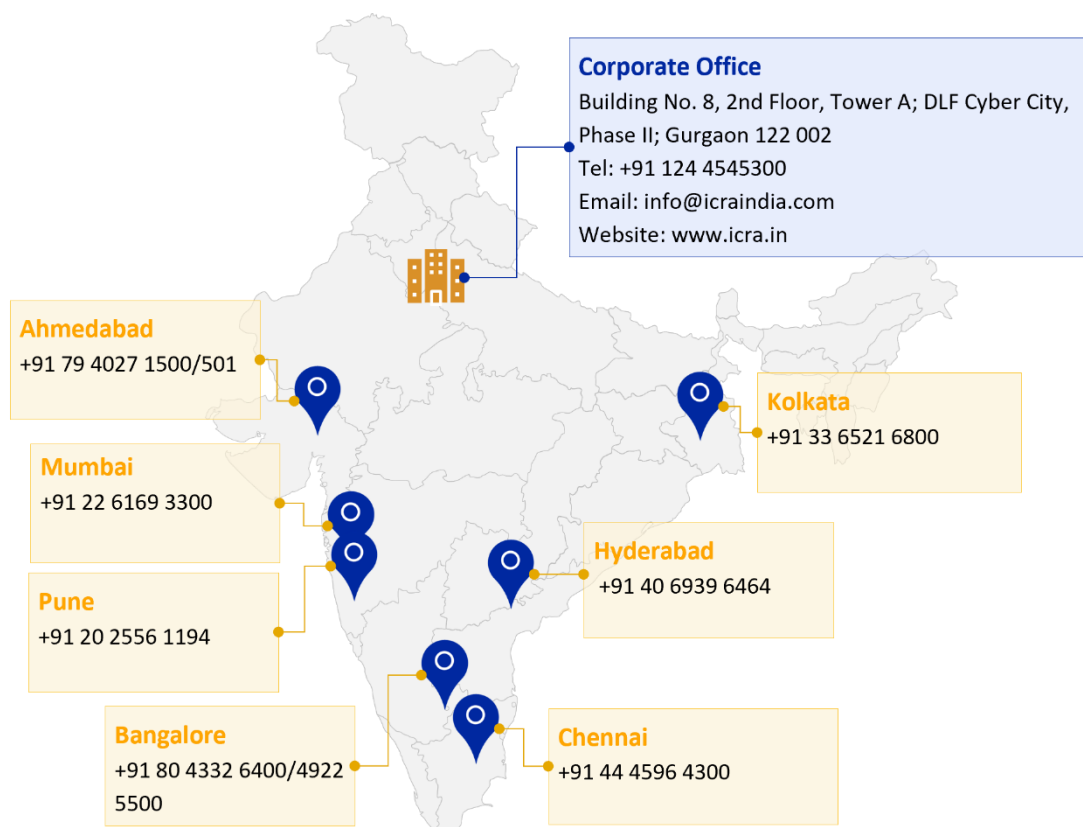
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