

September 23, 2025

## Raj Overseas: Ratings placed on Watch with Negative Implications

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short-term Fund-based – Pre and Post Shipment Financing	100.00	100.00	[ICRA]A3+; rating placed on Watch with Negative Implications
Short-term – Unallocated limits	2.00	2.00	[ICRA]A3+; ratings placed on Watch with Negative Implications
<b>Total</b>	<b>102.00</b>	<b>102.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

ICRA has taken a consolidated view of three entities – Raj Overseas, Raj Woollen Industries and Yati Overseas Private Limited (YOPL), together referred to as the Raj Group. There are strong management, operational and financial linkages among the entities including cash flow fungibility through promoters and all the entities are in the same line of business.

India’s exporters are navigating a turbulent trade environment, with recent tariff hikes by the US threatening to reshape long-standing business dynamics. The latest round of US tariffs, effective August 27, 2025, has imposed a punitive 25% duty on select Indian goods, significantly increasing the overall tariff burden.

The Raj Group’s business has also been impacted by the turbulent trade environment, with most of its products falling under the tariff categories. The Group generates 50-60% of its overall revenues from the US, exposing it to elevated tariffs.

The rating for the Raj Group has been placed on Watch with Negative Implications as the aforesaid development is likely to have a negative impact on the credit profile of the Raj Group, the extent of which would be ascertained over a period of time, given the nascent stage of development. According to management discussions, the Raj Group has been actively negotiating with its customers to pass on the increased tariff costs. The initial set of 10% tariffs was imposed in April 2025. Thereafter, the tariff was increased to 25% in early August 2025. This 25% increase in tariff was passed on to the customers and there was no impact on the business till August. As such, the tariff impact up to 25% (excluding the additional sanction tariff of 25%) has been inbuilt into the pricing with various customers, with no impact on offtake/margins for the company. The order movement has been slower in September, and discounts in the range of 2-5% have been passed on to the customers. The Group is expected to ship orders worth around \$22 million between September and November 2025. The impact of the moderation in order book and earnings on the credit profile of the company will be closely monitored.

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

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	While arriving at the ratings, ICRA has taken a consolidated view of the credit profiles of Raj Overseas, Raj Woollen Industries and Yati Overseas Private Limited (referred to as the

Raj Group), as there are strong management, operational and financial linkages among the entities including cash flow fungibility through promoters. The details of consolidation are there in Annexure 2.

### About the company (Raj Overseas)

Raj Overseas was established in 1939 by Late Rajeshwar Nath and Late Vishwa Nath to manufacture woollen yarn and woollen carpet. Later, their sons joined the business. At present, the operations are being looked after by the second and third generation family members. It started as a hand-tufted carpet manufacturing unit, which began exporting carpets and other woollen made-ups in 1995. Gradually, exports became the main revenue driver of the Group. The firm has multiple manufacturing units in Panipat, Haryana

### About the Group (Raj Overseas, Raj Woollen Industries and YOPL)

. The promoters have five other Group concerns involved in spinning, weaving and printing activities. All the other Group entities, including Raj Woollen Industries, support the Raj Group in terms of job-work processing of tufted carpet and supplying of woollen and cotton yarn to Raj Overseas. YOPL mainly procures finished goods from Raj Overseas on arm's length basis for its export orders. The Raj Group primarily exports various kinds of woollen hand-tufted carpets, bathmats, durries, pillows, poufs and woven rugs. The customer base comprises various retail chains, home furnishing players and buying houses based in the US, Germany, Singapore, and other eastern European countries.

### Key financial indicators (audited)

	Raj Overseas (Standalone)		Raj Group (Consolidated)*	
	FY2023	FY2024	FY2023	FY2024
<b>Operating income</b>	575.2	473.6	608.4	513.2
<b>PAT</b>	9.4	4.1	12.4	6.5
<b>OPBDIT/OI</b>	4.1%	3.5%	5.5%	5.7%
<b>PAT/OI</b>	1.6%	0.9%	2.0%	1.3%
<b>Total outside liabilities/Tangible net worth (times)</b>	1.1	0.9	1.2	1.1
<b>Total debt/OPBDIT (times)</b>	4.0	6.0	5.1	6.1
<b>Interest coverage (times)</b>	4.5	2.4	3.7	2.6

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

**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
<b>Fund Based-Cash Credit</b>	Short Term	100.00	[ICRA]A3+ Rating Watch with Negative Implications	Mar 28, 2025	[ICRA]A3+	Dec 29, 2023	[ICRA]A2	Sep 22, 2022	[ICRA]A2+
<b>Unallocated-Unallocated</b>	Short Term	2.00	[ICRA]A3+ Rating Watch with Negative Implications	Mar 28, 2025	[ICRA]A3+	Dec 29, 2023	[ICRA]A2	-	-
<b>Fund Based-Term Loan</b>	Long Term			-	-	-	-	Sep 22, 2022	[ICRA]A-(Stable)*; withdrawn
<b>Non Fund Based-Others</b>	Short Term			-	-	-	-	Sep 22, 2022	[ICRA]A2+

### Complexity level of the rated instruments

Instrument	Complexity indicator
Short-term fund-based - Pre and Post Shipment Financing	Simple
Short-term - Unallocated limits	Not applicable

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	Short-term Fund-based – Pre and Post Shipment Financing	NA	NA	NA	100.00	[ICRA]A3+ rating watch with negative implications
NA	Short-term – Unallocated limits	NA	NA	NA	2.00	[ICRA]A3+ rating watch with negative implications

Source: Company

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

**Annexure II: List of entities considered for consolidated analysis**

Entity Name	Ownership*	Consolidation Approach
Raj Overseas	100%	Full Consolidation
Yati Overseas Private Limited	100%	Full Consolidation
Raj Woollen Industries	100%	Full Consolidation

\*Held by same promoters in all the entities

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