The Rajlakshmi Cotton Mills Private Limited

March 05, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	71.36	CARE BBB+ (RWN)	Continues to be on Rating Watch with Negative Implications
Short Term Bank Facilities	179.64 (Enhanced from 164.64)	CARE A2 (RWN)	Continues to be on Rating Watch with Negative Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings (CARE) has continued to place the ratings of The Rajlakshmi Cotton Mills Private Limited on 'Rating watch with negative implications' (RWN) in view of uncertainty regarding export orders from USA following the imposition of 50% tariff on imports from India by USA Government from August 27, 2025, onwards. The company's exports to the United States constituted 53% and 52% of its total sales in FY25 and 9MFY26. Post US Supreme Court order which struck down the tariff regime in Feb 2026, the US government has imposed tariff of 15% which will remain in force for 150 days unless extended by US Congress. As articulated by management, the company expects to receive fresh orders shortly from its US clients post reduction in tariff. This is due to company's products being GOTS (Global Organic Textile standard) certified and the company being certified under Fairtrade International and Fairtrade USA standards where there are limited suppliers. CARE Ratings will continue to monitor the developments in this regard and accordingly take a final rating action once there is clarity with respect to same and its impact of the business and financial risk profile of the company.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations above Rs.1000 crore and PBILDT margin above 12%
- Improvement in capital structure with overall gearing below 1x.

Negative factors

- Any large debt-funded capex leading to moderation in capital structure with overall gearing above 2.0x.
- Decline in total operating income by more than 20%

Analytical approach: Standalone

Detailed description of key rating drivers:

Key strengths

Experienced promoters with long track record in organic textile export business

RCMPL is promoted by Kolkata based Jaipuria family who has a long-standing experience in the garment industry. The company operates across three main product segments: apparel, home textiles, and sweaters. The company focuses on sustainable textile products by utilizing organic cotton yarn and fabrics, thereby benefiting from its specialized offerings and caters to customers operating in premium market segment. Day to day operation is being managed by his son, Mr. Rajat Jaipuria having more than three-decade experience.

Established relationship with reputed global clientele albeit customer/geographic concentration risk

TRCMPL has established relationship with reputed global clientele. Some of the major clients include Boll & Branch LLC (US based company online brand with own stores), The Sting Sourcing & Productions (more than 200 stores mainly in Holand and Belgium) and Pact Apparel (large undergarment seller in USA both online and through own stores). More than 65% of its revenues is derived from exports with USA and Netherland being the top export destination. Sale to top 5 customers has increased from 44.2% in FY24 to 47.80% in FY25. Top 5 export market contribution has remained stable in FY24 & FY25 to 83.28%. Changes in preferences of top customers or their procurement policies could impact the business. However, entering new markets and addition of new clientele in the previous fiscal and longstanding relations with existing customers should mitigate this risk.

Improvement in financial performance in the past few years

The total operating income increased from Rs. 432.93 crore in FY23 to Rs.645.97 crore in FY25 exhibiting CAGR of 21.66% p.a. on account of increased order book. More than 90% of total sales is derived from exports to reputed global customer base. This also allows it to benefit from key government export incentives (2% Duty Drawback and 4% Remission of State and Central Taxes

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

and Levies [RoSCTL]) on its export shipments. Operating margin has remained steady between 8.00-9.00% between FY23 and FY25. PAT margin has increased from 3.35% in FY23 to 4.02% in FY25 on account of higher non-operating income (profit on sale of mutual funds). As of August 28, 2025, as articulated by management company has achieved sales of Rs. 350.00 Crore and has outstanding work order of Rs. 260.50 crore.
In 9MFY26, the Company achieved TOI of ₹587.64 crore. Operating margin moderated to 7.21% in 9MFY26 from 8.23% in FY25, primarily due to 6-8% discount given to few of its US customers post imposition of tariff by United States. As of February 2, 2026, the Company has an outstanding work order book of approximately ₹187.00 crore, of which around 40% pertains to orders from the United States. The management expects increase in orders from US clients by March 2026 due to reduction in tariff.

Key weaknesses

Moderate capital structure on account of debt funded capex albeit satisfactory debt coverage indicators
The capital structure of the company moderated with overall gearing moderating from 1.10x as on March 31, 2023, to 1.45x as on Mar 31, 2025. This was due to setting up of new unit at Gurap at a capex of 64.13 Crore funded in D:E ratio of 2.17:1. The production from the said facility started in Feb 2025 and is ramping up in the current fiscal. Although debt coverage indicators like interest cover and TDGCA have moderated from 5.51x and 3.89x in FY23 respectively to 4.26x and 5.04x in FY25 respectively, they continue to remain satisfactory. The company is eligible to receive a Technology Upgradation Fund (TUF) subsidy of Rs. 3.80 crore for its previously completed manufacturing facilities in Noida and Kolkata. Additionally, it is expected to receive government subsidies from the Uttar Pradesh State Government amounting to approximately Rs. 7–8 crore. Management anticipates that these subsidies will be received during the current financial year.

Susceptibility of profits due to volatile in raw material prices
Profitability of textile products depends largely on the prices of cotton, cotton yarn and fabric, which are governed by various factors, such as area under cultivation, monsoon, and international demand-supply situation, among others. The cotton yarn/fabric being the major raw material, the movement in cotton prices without parallel movement in end product prices impact the profitability of the textile mills. The firm's profitability margins are subject to fluctuation in foreign exchange prices, as it exports 100% of its products. The company has been able to sustain its operating margins over the last few years due to economies of scale.

Foreign exchange fluctuation risk
The entity has foreign currency exposure because of its large exports to various countries. However, as per the current practice company hedges its foreign exchange exposure by forward cover.

Working capital intensive nature of operations
Gross current assets stood at 146 days as on March 31,2025 (169 days as on Mar 31, 2024), driven by high inventory of around 59 days and debtor days of 55 days. The company maintains around 2-3 months of inventory (cotton yarn and fabric) throughout the year to meet its order book which have to be executed usually in 3–4 months period. Moreover, the company offers credit of between 30-90 days to customers. However, working capital requirement is partly funded by bank borrowings and credit from suppliers. Operations are expected to remain working capital intensive going forward with gross current assets days expected in the range of 150-160 days.

Liquidity: Adequate
The liquidity position of the company is adequate marked by cash accruals of ₹36.20 crore as against repayment obligation of ₹13.64 Crore in 9MFY26. As of December 31, 2025, the Company maintains adequate liquidity, with free cash and bank balances, along with liquid investments, totalling ₹17.05 crore. To manage its working capital requirements, the Company has availed an EPC/CC facility of ₹175 crore, with an average utilization of 83.26% over the twelve months ended December 2025. The management has articulated that they would maintain Rs.15 to 20 crore cash and bank balance and liquid investment going ahead.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Cotton Textile
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Garments & Apparels

The Rajlakshmi Cotton Mills Pvt. Ltd. was incorporated on 16th day of May 1934, promoted by Mr. Rajat Jaipuria, Mrs. Kusum Jaipuria and Mr. Amit Kandhari. Initially this company was involved in the manufacture of industrial fabrics and textiles but since 1992 Rajlakshmi started manufacturing of high-quality garments and bedding products for export to European and American markets. Rajlakshmi started its activities in organic cotton from 1996 and has been manufacturing organic cotton knitted and woven garments for its European and American customers since then. The Company is engaged in the manufacture and export of organic Cotton Garments and Bedding Products. The products of the company include knitted garments for gents and ladies, kids & children, bath robes and towels, woven garments, shopping bags, socks, caps etc and bedding products like flat sheets and fitted sheets to fit single beds to king size beds etc. Presently, company is having five manufacturing units in West Bengal, with two being located at Jalan Industrial Complex, one being located at Budge Trunk Road, one being located at Canal West Road (2 km from ITC Sonar Bangla Hotel) and one being located at Bhastara, Gurap, WB – 712303 and two units in Noida.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	492.93	661.87	587.64
PBILDT*	40.36	54.48	42.38
Profit after tax (PAT)	16.98	26.11	21.45
Overall gearing (x)	1.31	1.43	-
Interest coverage (x)	4.18	4.28	-

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	3.00	CARE BBB+ (RWN)
Fund-based - LT-Working capital Term Loan		-	-	May 2026	4.38	CARE BBB+ (RWN)
Fund-based - ST-EPC/PSC		-	-	-	172.00	CARE A2 (RWN)
Non-fund-based - ST-Forward Contract		-	-	-	1.64	CARE A2 (RWN)
Non-fund-based - ST-Letter of credit		-	-	-	6.00	CARE A2 (RWN)
Term Loan-Long Term		-	-	December 2024	63.98	CARE BBB+ (RWN)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - ST-EPC/PSC	ST	172.00	CARE A2 (RWN)	1)CARE A2 (RWN) (03-Sep-25) 2)CARE A2 (07-Aug-25)	1)CARE A4; ISSUER NOT COOPERATING* (13-Aug-24)	1)CARE A4; ISSUER NOT COOPERATING* (12-Jun-23)	1)CARE A4; ISSUER NOT COOPERATING* (26-Apr-22)
2	Term Loan-Long Term	LT	63.98	CARE BBB+ (RWN)	1)CARE BBB+ (RWN) (03-Sep-25) 2)CARE BBB+; Stable (07-Aug-25)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (13-Aug-24)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (12-Jun-23)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (26-Apr-22)

3	Fund-based - LT-Cash Credit	LT	3.00	CARE BBB+ (RWN)	1)CARE BBB+ (RWN) (03-Sep-25) 2)CARE BBB+; Stable (07-Aug-25)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (13-Aug-24)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (12-Jun-23)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (26-Apr-22)
4	Non-fund-based - ST-Letter of credit	ST	6.00	CARE A2 (RWN)	1)CARE A2 (RWN) (03-Sep-25) 2)CARE A2 (07-Aug-25)	1)CARE A4; ISSUER NOT COOPERATING* (13-Aug-24)	1)CARE A4; ISSUER NOT COOPERATING* (12-Jun-23)	1)CARE A4; ISSUER NOT COOPERATING* (26-Apr-22)
5	Non-fund-based - ST-Forward Contract	ST	1.64	CARE A2 (RWN)	1)CARE A2 (RWN) (03-Sep-25) 2)CARE A2 (07-Aug-25)	1)CARE A4; ISSUER NOT COOPERATING* (13-Aug-24)	1)CARE A4; ISSUER NOT COOPERATING* (12-Jun-23)	1)CARE A4; ISSUER NOT COOPERATING* (26-Apr-22)
6	Fund-based - ST-Foreign Bill Discounting	ST	-	-	1)Withdrawn (07-Aug-25)	1)CARE A4; ISSUER NOT COOPERATING* (13-Aug-24)	1)CARE A4; ISSUER NOT COOPERATING* (12-Jun-23)	1)CARE A4; ISSUER NOT COOPERATING* (26-Apr-22)
7	Fund-based - LT-Working capital Term Loan	LT	4.38	CARE BBB+ (RWN)	1)CARE BBB+ (RWN) (03-Sep-25) 2)CARE BBB+; Stable (07-Aug-25)	-	-	-

*Issuer did not cooperate; based on best available information.
LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Working capital Term Loan	Simple
3	Fund-based - ST-EPC/PSC	Simple
4	Non-fund-based - ST-Forward Contract	Simple
5	Non-fund-based - ST-Letter of credit	Simple
6	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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