Riba Textiles Limited

August 19, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term / Short Term Bank Facilities	RBI	63.00 (Reduced from 65.00)	CARE BBB; Stable / CARE A3+	Reaffirmed
Long Term / Short Term Bank Facilities	RBI	5.50	CARE BBB; Stable / CARE A3+	Assigned
Long Term Bank Facilities	RBI	25.50 (Reduced from 29.00)	CARE BBB; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the ratings assigned to the bank facilities of Riba Textiles Limited (RTL) factor in moderate working capital requirements of the company marked by average operating cycle of around ninety days. Ratings also derive strength from the long-standing experience of its promoters as reflected in its diversified and reputed client base. Ratings further take comfort from average financial risk profile of the company marked by comfortable capital structure and moderate debt coverage indicators along with an adequate liquidity position. Ratings strengths are however offset by the presence of the company in a highly competitive industry, thereby, limiting its bargaining power. Ratings are further constrained by the susceptibility of margins to foreign exchange fluctuations risk and the geographical concentration risk faced by the company.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in the scale of operations beyond Rs. 300 crores with Return on Capital Employed (ROCE) of around 13% on a sustained basis
- Improvement in the capital structure of the company marked by Total Debt/ Profit Before Interest, Lease, Depreciation, and Tax (PBILDT) below 3.00x on a sustained basis

Negative factors

- Any significant unplanned capex deteriorating the capital structure of the company marked by an overall gearing of above 1.00x
- Deterioration in the working capital cycle of the company due to increase in collection period beyond 70 days on sustained basis

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the company shall continue to maintain its stable operational performance and expected to benefit from the long-standing experience of its promoters along with its reputed clientele.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Established presence in export-oriented home textile segment with diversified customer profile

RTL has an established track record in the manufacturing and export of terry towels, bathmats, bath robes and other home textile products. The company has developed long-standing relationships with several international retailers, wholesalers and distributors across geographies, enabling it to maintain a diversified customer base and repeat business. During FY26 (refers to April 01, 2025 to March 31, 2026), the top 10 customers accounted for approximately 34% of total operating income, indicating moderate customer concentration and reducing dependence on any single buyer. The company derives a significant proportion of its revenue from exports, with overseas sales accounting for around 89% of gross sales in FY26. While the United States continues to be an important market, its contribution reduced to around 20% of total sales in FY26 from around 29% in FY25, reflecting management’s efforts towards geographical diversification. The company has expanded its presence in markets such as Chile, Saudi Arabia, Brazil, UAE and Peru, partially mitigating concentration risks associated with any limited export destinations. Continued diversification of export markets and expansion of customer relationships remain important from a credit perspective.

Stable operating profitability despite moderation in scale of operations

RTL reported operating income of Rs. 255.38 crore in FY26 as against Rs. 295.86 crore in FY25 due to lower demand from certain key export markets. Despite the decline in revenue, the company maintained healthy operating profitability, with PBILDT improving marginally to Rs. 22.71 crore in FY26 from Rs. 22.68 crore in FY25. Consequently, PBILDT margin improved to 8.89% in FY26 from 7.67% in FY25. The stable profitability is supported by the company's established customer relationships, operational efficiencies and favourable raw material cost environment during the year. The company continues to operate an integrated manufacturing facility with installed capacity of 8,400 metric tonnes per annum for terry towels and related products, supporting operational flexibility and product diversification. Sustaining its profitability margins amidst fluctuating input costs remains a key monitorable.

Moderate capital structure and moderate debt protection metrics

RTL's financial risk profile remains comfortable, supported by steady accretion to reserves and moderate reliance on external debt. Tangible net worth improved to Rs. 106.02 crore as on March 31, 2026, from Rs. 97.90 crore a year earlier owing to retention of profits. The capital structure continued to remain comfortable with overall gearing of 0.72x as on March 31, 2026 (PY: 0.63x). Although total debt increased to Rs. 75.88 crore as on March 31, 2026, from Rs. 61.39 crore as on March 31, 2025, primarily on account of higher working capital borrowings and incremental term debt, the leverage indicators remained at comfortable levels. Debt coverage indicators were moderate with total debt to GCA and total debt to PBILDT of 4.98x and 3.34x respectively as on March 31, 2026. Interest coverage also remained satisfactory at 3.50x in FY26. The company's ability to maintain its comfortable capital structure while supporting future growth plans will remain a key rating monitorable.

Moderate working capital intensity

The company operates in a working capital-intensive industry due to inventory requirements and credit extended to overseas customers. Nevertheless, its working capital cycle has remained at moderate levels over the years. The operating cycle stood at 95 days as on March 31, 2026, as compared to 72 days as on March 31, 2025. The elongation in operating cycle was primarily on account of higher inventory holding period, which increased to 54 days in FY26 from 35 days in FY25, along with moderation in collection efficiency as reflected by average collection period of 60 days (FY25: 53 days). Despite the increase, the working capital cycle remains manageable and is supported by established relationships with customers and suppliers. Efficient management of receivables and inventory levels will remain important for maintaining liquidity and controlling dependence on bank borrowings.

Key weaknesses

Susceptibility of profitability to volatility in raw material prices

Raw materials constitute a major component of RTL's cost structure, with cotton yarn, cotton, dyes and chemicals being the key inputs. The prices of cotton and cotton yarn are inherently volatile and are influenced by factors such as crop output, global demand-supply dynamics, weather conditions and government policies.

Any sharp increase in raw material prices may adversely impact profitability, particularly in periods of weak demand when the company's ability to pass on cost increases to customers may be limited. While RTL benefits from established customer relationships and periodic price renegotiation mechanisms, its margins remain exposed to fluctuations in raw material prices.

Exposure to foreign exchange fluctuation risk

RTL remains exposed to foreign exchange risk due to the export-oriented nature of its operations. Export sales accounted for approximately 89% of total sales in FY26, while imports remained negligible at around Rs. 2.82 crore, resulting in limited natural hedge against currency movements. The company primarily transacts in foreign currencies, including the US dollar and other international currencies, and therefore remains susceptible to adverse exchange rate fluctuations. Although RTL undertakes hedging through forward contracts to mitigate currency risks, sharp movements in exchange rates may continue to impact profitability and cash flows.

Geographical concentration in export markets

Despite ongoing efforts towards geographical diversification, the company continues to derive a substantial proportion of its revenue from a limited number of export markets. While dependence on the United States reduced during FY26, a significant portion of revenue continues to originate from Chile, the United States, Saudi Arabia, Brazil, Australia and other select overseas markets. Accordingly, RTL remains exposed to changes in economic conditions, trade policies, tariff structures, geopolitical developments and demand trends in these markets. Any prolonged slowdown in key export destinations could adversely affect the company's revenue profile.

Inherent cyclicality and competitive intensity of the textile industry

RTL operates in the highly competitive textile and home furnishings industry, which is characterised by intense competition from both domestic and international manufacturers. Demand for home textile products is closely linked to consumer spending patterns and economic conditions in export markets. The industry is also exposed to risks arising from changes in trade regulations, labour availability, logistics costs, and global demand-supply imbalances. Consequently, the company's operating performance remains vulnerable to adverse developments in the textile sector and the broader global economic environment.

Liquidity: Adequate

The liquidity position of the company remained adequate with a free cash and bank balance of Rs. 4.15 crore as on March 31, 2026. Further, expected gross cash accruals for FY27 stand at approximately Rs. 13-14 crores against debt repayment obligations of Rs. 8.00 crores. The current ratio and quick ratio of the company stood at 1.19x and 0.68x respectively as on March 31, 2026. The high working capital requirements are largely met though bank borrowings and average utilization for last twelve months ended May 2026 stood at ~65%.

Assumptions/Covenants: Not Applicable

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
Short Term Instruments
Textile

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

Riba Textiles Limited (RTL) is an export-oriented Terry Towels and Tufted Rugs manufacturing unit based 100 kms from New Delhi in the state Of Haryana. RTL has a current manufacturing capacity of 8400 Metric Tonnes. The production unit encompasses 24 acres of land with a built-up area of 10,00,000 square feet. RTL is a fully integrated unit with a composite plant incorporating Dyeing, Weaving, Finishing, Sublimation, Shearing Embroideries and Tufting.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	295.86	255.38

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
PBILDT*	22.68	22.71
Profit after tax (PAT)	8.50	8.13
Overall gearing (x)	0.63	0.72
Interest coverage (x)	3.85	3.50

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	RBI	Simple	-	-	-	31-03-2029	25.50	CARE BBB; Stable
Fund-based - LT/ ST-Working Capital Limits	RBI	Simple	-	-	-	-	63.00	CARE BBB; Stable / CARE A3+
Non-fund-based - LT/ ST-Derivative Limits	RBI	Simple	-	-	-	-	5.50	CARE BBB; Stable / CARE A3+

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 2026-2027	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
1	Fund-based - LT/ ST-Working Capital Limits	LT/ST	63.00	CARE BBB; Stable / CARE A3+	1)CARE BBB; Stable / CARE A3+ (01-Jul-26)	1)CARE BBB / CARE A3+ (RWN) (05-Sep-25) 2)CARE BBB; Stable / CARE A3+ (04-Jul-25)	1)CARE BBB; Stable / CARE A3+ (09-Jul-24)	-
2	Fund-based - LT-Term Loan	LT	25.50	CARE BBB; Stable	1)CARE BBB; Stable (01-Jul-26)	1)CARE BBB (RWN) (05-Sep-25) 2)CARE BBB; Stable (04-Jul-25)	1)CARE BBB; Stable (09-Jul-24)	-
3	Non-fund-based - LT/ ST-Derivative Limits	LT/ST	5.50	CARE BBB; Stable / CARE A3+				

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: 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.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Puneet Kansal Director **CARE Ratings Limited** Phone: 120-4452000 E-mail: puneet.kansal@careedge.in
Relationship Contact Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Rajan Sukhija Associate Director **CARE Ratings Limited** Phone: 91-120-4452000 E-mail: Rajan.Sukhija@careedge.in Abhay Wanchoo Lead Analyst **CARE Ratings Limited** E-mail: Abhay.Wanchoo@careedge.in

About us:
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