

March 14, 2023

Mirza International Limited: Update on Entity

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund Based – Term Loan	17.00	17.00	[ICRA]A- Rating watch with developing implications; Outstanding
Fund Based – Working Capital Facilities	410.00	410.00	[ICRA]A- Rating watch with developing implications; Outstanding
Non-fund Based – Working Capital Facilities	25.00	25.00	[ICRA]A2+ Rating watch with developing implications; Outstanding
Long term – Unallocated	28.00	28.00	[ICRA]A- Rating watch with developing implications; Outstanding
Total	480.00	480.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings of Mirza International Limited (MIL) remain on Watch with Developing Implications, owing to the ongoing restructuring wherein there is a proposal of the amalgamation of RTS Fashions Private Limited, the ultimate holding company of Mirza U.K. Limited, with Mirza International Limited and a demerger of the domestic business of Mirza International Limited into a separate company named Redtape Limited on a mirror shareholding basis. Recently, the composite scheme of arrangement has been approved by National Company Law Tribunal (NCLT). Further, the board of MIL has approved to allot equity shares to the shareholders of RTS Fashions Private Limited. However, the allotment of shares to the equity shareholders of Redtape Limited is still pending and record date is yet to be announced. The actual division of asset and liabilities will be reflected in the demerged accounts, which will be available in due course. ICRA will continue to monitor the development of the merger/demerger process as well as the timelines involved and will take appropriate rating action as may be required.

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

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Entities in Footwear Industry
Parent/Group support	Not Applicable
Consolidation/Standalone	Consolidated

About the company

Mirza International Limited (MIL) was incorporated in 1979 as a private limited company and promoted by Mr. Irshad Mirza and his son Mr. Rashid Mirza. Initially, its operations were limited to manufacture and sale of processed leather through its own tannery unit in Kanpur. However, in 1990, MIL established an integrated shoe factory at Unnao, Kanpur. At present, the manufacturing capacity is spread across its five manufacturing units in Kanpur and Noida. Besides the above manufacturing

capacities, the company outsources the production of footwear to other vendors. It has expanded presence in the domestic market since FY2019. The various brands of MIL include 'Red Tape', 'Red Tape Athleisure', 'Bond Street', 'MODE', and 'Oaktrak'.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2023)		Chronology of rating history for the past 3 years				
		Amount rated (Rs. crore)	Amount outstanding as of Mar 31, 2022 (Rs. crore)	Date & rating in FY2023		Date & rating in FY2022	Date & rating in FY2021	Date & rating in FY2020
				Mar 14, 2023	Oct 07, 2022	Nov 24, 2021	Mar 22, 2021	Dec 13, 2019
1 Fund Based – Term Loan	Long term	17.0	18.56	[ICRA]A- Rating Watch with Developing Implications	[ICRA]A-&	[ICRA]A-&	[ICRA]A- (Negative)	[ICRA]A- (Negative)
2 Fund Based – Working Capital Facilities	Long term	410.0	-	[ICRA]A- Rating Watch with Developing Implications	[ICRA]A-&	[ICRA]A-&	[ICRA]A- (Negative)	[ICRA]A- (Negative)
3 Non-fund Based – Working Capital Facilities	short term	25.0	-	[ICRA]A2+ Rating Watch with Developing Implications	[ICRA]A2+&	[ICRA]A2+&	[ICRA]A2+	[ICRA]A2+
4 Long term-unallocated	Long term	28.0	-	[ICRA]A- Rating Watch with Developing Implications	[ICRA]A-&	[ICRA]A-&	[ICRA]A- (Negative)	-

&= On Watch with Developing Implications

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund Based – Term Loan	Simple
Fund Based – Working Capital Facilities	Simple
Non-fund Based – Working Capital Facilities	Very Simple
Long term-unallocated	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	Fund Based – Term Loan	FY2018-19	NA	FY25-26	17.00	[ICRA]A- Rating Watch with Developing Implications
NA	Fund Based – Working Capital Facilities	NA	NA	NA	410.00	[ICRA]A- Rating Watch with Developing Implications
NA	Non-fund Based – Working Capital Facilities	NA	NA	NA	25.00	[ICRA]A2+ Rating Watch with Developing Implications
NA	Long term-unallocated	NA	NA	NA	28.00	[ICRA]A- Rating Watch with Developing Implications

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company Name	MIL Ownership	Consolidation Approach
Mirza (H.K) Limited	100.0%	Full Consolidation
Mirza Bangla Limited	99.9%	Full Consolidation
SEN EN MIRZA INDUSTRIAL SUPPLY CHAIN LLP	52.0%	Full Consolidation
Redtape Limited	100.0%	Full Consolidation

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Branches



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