

June 03, 2025

Mirza International Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fund Based – Working Capital Facilities	25.00	25.00	[ICRA]A- (Stable); reaffirmed
Non-fund Based – Working Capital Facilities	10.00	20.00	[ICRA]A2+; reaffirmed
ST Fund based Others	170.00	160.00	[ICRA]A2+; reaffirmed
Total	205.00	205.00	

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation factors in ICRA's expectation of a gradual improvement in the operational and financial performances of the company over the medium term, aided by steady industry demand and various cost efficiency measures undertaken by the entity. The company reported around 8% decline in revenues in FY2025 owing to weak export demand and revenue loss in Q4 FY2025 owing to uncertainty about the impact of tariff hikes by the US. The operating profit margins also moderated owing to operating deleverage (6.4% in FY2025 from 7.7% in FY2024), resulting in a weakening of the debt coverage indicators (interest coverage of 3.4 times in FY2025). However, a gradual improvement in the operating performance is expected to help the entity report improved debt coverage indicators, going forward, (Interest coverage to remain in the range of 4-5 times over the medium term).

The ratings remain supported by the established track record of MIL as one of the leading leather footwear exporters in India, its backward integrated manufacturing operations, supporting its cost competitiveness, along with its experienced promoter and management team. While ICRA notes that the company's scale and profits moderated in FY2025, the financial position continues to remain comfortable with an overall debt of around Rs. 100 crore as of March 31, 2025 against healthy net worth base and healthy debt protection metrics despite some decline in FY2025. The current manufacturing capacity remains sufficient to meet the incremental requirement at present and the capital expenditure is expected to remain at around Rs. 15-20 crore/annum. The liquidity position also remains adequate with sufficient cushion in the working capital limits and unencumbered cash and equivalent of Rs. 18-20 crore as of June 2025.

The ratings remain constrained by the high working capital intensity (44% in FY2025) owing to the high level of inventory and debtors' requirement. The ratings also continue to be impacted by the intense competition in the leather footwear industry, geographical concentration in exports (particularly to the UK), and vulnerability of profits to adverse movements in raw material prices and changes in the rates of export incentives. The ratings are also constrained by moderate capacity utilisation and losses in the tannery segment. The ability of the management to improve the performance of the tannery segment remains a monitorable.

The Stable outlook on the ratings reflects ICRA's expectations that business and financial risk profiles of the company are expected to gradually improve in the upcoming quarters, which are likely to help the company maintain a steady credit profile.

Key rating drivers and their description

Credit strengths

Established track record of the Group in the footwear business – MIL has a long track record in domestic and global footwear market. Its manufacturing capacity is spread across units in Kanpur and Greater Noida (Uttar Pradesh). MIL has a reputed customer base, comprising leading companies such as Next, Marks & Spencer, among others. The company is also selling in domestic market through its brand, Thomas Crick.

Backward integrated nature of operations with leather tanneries and complete footwear manufacturing facilities – MIL has backward integrated operations with presence of leather tanneries and complete footwear manufacturing facilities, most of which are concentrated near Kanpur, Uttar Pradesh. This ensures quality control and helps capture value addition across the supply chain, besides enabling the company to fulfil orders in a timely manner, while maintaining the quality of the products.

Credit challenges

Elevated working capital intensity – MIL's working capital intensity of operations remained elevated, with NWC/OI of 44% as on March 31, 2025 owing to high level of inventory and receivables. These remain on a higher side due to backward integrated process and 60-90 days of credit period offered to export customers.

Vulnerability of profits to adverse movement in raw material prices and export incentives – MIL is a manufacturer of leather and leather products, and its operations are dependent on procuring quality animal skins at competitive prices. Also, as an exporter, MIL enjoys export incentives under various schemes run by the Government of India (GoI). Any adverse change in raw material availability/prices, exchange rates, or in the GoI's regulations may adversely impact the company's profitability.

Exposed to intense competition and geographical concentration risks – The company is exposed to intense competition in both domestic and export markets, which puts pressure on margins. Intense competition has also impacted MIL's capacity utilisation in both footwear and tannery divisions. The same stood at 62% for the footwear division and 41% for the tannery division in FY2025. Moreover, the company is exposed to high geographical concentration risk as 69% of its export revenues are generated from the UK.

Environmental and Social Risks

Environmental considerations: The exposure of footwear entities to environmental risks emanates from the tightening regulatory requirements related to waste treatment and additional costs required to be incurred for treating and managing effluents. The entity's ability to remain compliant with the necessary regulatory stipulations remains a key consideration. Further, the entities face the risk of physical climate change from drought that may impact water availability. As footwear manufacturing involves a high volume of water consumption, any disruption in operations because of the lack of availability of water would have a bearing on the credit profile.

Social considerations

The exposure of footwear entities to social risks is generally not material. However, being a manpower-intensive segment, the entities are exposed to the risks of disruption due to inability to properly manage human capital in terms of their safety and overall well-being. Also, the adverse impact of environmental pollution in nearby localities could trigger local criticism. An entity's track record of carrying out its operations responsibly over the years provides rating comfort. The risk profile of entities is also influenced by other social factors such as changing consumer preferences, responsible sourcing, product and supply chain sustainability, owing to high reliance on external suppliers.

Liquidity position: Adequate

The liquidity position is **adequate**, reflected by expectation of steady cash flows, healthy cash and liquid investments (Rs. 19-20 crore as of March 31, 2025) and unutilised portion of the working capital limits. MIL reported an average utilisation of 48% of the sanctioned working capital limits for the past 11 months ending in April 2025. The company only has auto loan on its books, with repayment obligations of Rs. 0.46 crore in FY2026. The company has no major capex plans, going forward, with the capex outgo expected to remain at Rs. 15-20 crore in FY2026.

Rating sensitivities

Positive factors – A significant increase in the scale of operations and profitability, leading to an improvement in debt protection metrics, while maintaining a healthy liquidity position could lead to ratings upgrade.

Negative factors – The ratings may be downgraded in case of a sustained decline in revenues and profitability, resulting in weakening of debt protection metrics. Moreover, pressure on the liquidity profile, driven by any major acquisitions/debt-funded capex and/or stress in the working capital cycle, could also be a negative trigger. A specific credit metric for ratings downgrade includes an Interest coverage below 4 times, on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Footwear
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of the company. The details of the entities consolidated can be found in Annexure II.

About the company

Mirza International Limited (MIL) was incorporated in 1979 as a private limited company and was promoted by Mr. Irshad Mirza and his son, Mr. Rashid Ahmed Mirza & Mr. Tauseef Ahmad Mirza. Initially, its operations were limited to manufacturing 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 four manufacturing units in Kanpur and Noida. Besides, the company outsources the footwear production job to other vendors. It has expanded its presence in the domestic market since FY2024. Various brands of MIL include Thomas Crick, Off The Hook London and Oaktrak.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	630.4	581.2
PAT	12.0	-3.5
OPBDIT/OI	7.7%	6.2%
PAT/OI	1.9%	-0.6%
Total outside liabilities/Tangible net worth (times)	0.4	0.4
Total debt*/OPBDIT (times)	1.7	3.0
Interest coverage (times)	4.1	3.4

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

Current rating (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs Crore)	June 03,2025	Date	Rating	Date	Rating	Date	Rating
Long term-cash credit-fund based	Long Term	25.00	[ICRA]A-(Stable)	10-SEP-2024	[ICRA]A-(Stable)	18-SEP-2023	[ICRA]A-(Stable)	07-OCT-2022	[ICRA]A- Rating Watch with Developing Implications
				-	-	-	-	14-MAR-2023	[ICRA]A- Rating Watch with Developing Implications
Short term-others-fund based	Short Term	160.00	[ICRA]A2+	10-SEP-2024	[ICRA]A2+	18-SEP-2023	[ICRA]A2+	-	-
Short term-others-non fund based	Short Term	20.00	[ICRA]A2+	10-SEP-2024	[ICRA]A2+	18-SEP-2023	[ICRA]A2+	07-OCT-2022	[ICRA]A2+ Rating Watch with Developing Implications
				-	-	-	-	14-MAR-2023	[ICRA]A2+ Rating Watch with Developing Implications
Long term-term loan-fund based	Long Term			-	-	18-SEP-2023	[ICRA]A-(Stable)	07-OCT-2022	[ICRA]A- Rating Watch with Developing Implications
				-	-	-	-	14-MAR-2023	[ICRA]A- Rating Watch with Developing Implications
Long term-unallocated-unallocated	Long Term			-	-	18-SEP-2023	[ICRA]A-(Stable)	07-OCT-2022	[ICRA]A- Rating Watch with Developing Implications
				-	-	-	-	14-MAR-2023	[ICRA]A- Rating Watch with Developing Implications

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund Based – Working Capital Facilities	Simple
Non-fund Based – Working Capital Facilities	Very Simple
Fund based Others	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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund Based – Working Capital Facilities	NA	NA	NA	25.00	[ICRA]A- (Stable)
NA	Non-fund Based – Working Capital Facilities	NA	NA	NA	20.00	[ICRA]A2+
NA	Fund based Others	NA	NA	NA	160.00	[ICRA]A2+

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company Name	MIL Ownership	Consolidation Approach
RTS Fashion Ltd	100.0%	Full Consolidation
Mirza (U.K.) Limited	100.0%	Full Consolidation

ANALYST CONTACTS

Jitin Makkar

+91 124 4545368

jitinm@icraindia.com

Srikumar Krishnamurthy

+ 91 44 45964318

ksrikumar@icraindia.com

Rohan Kanwar Gupta

+91 124 4545808

rohan.kanwar@icraindia.com

Gaurav Singla

+91 124 4545366

gaurav.singla@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



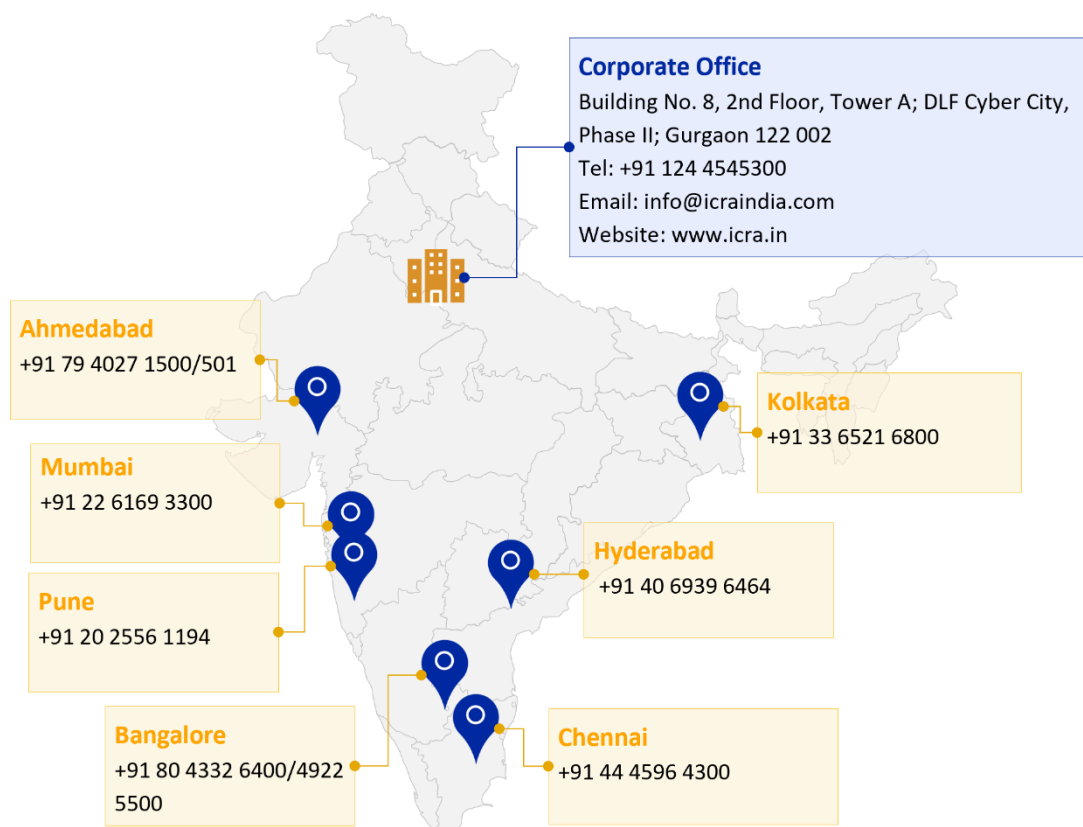
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.