January 30, 2026

Mulberry Silks Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term - Fund based - Term loans	41.08	46.65	[ICRA]BBB+ (Stable); reaffirmed
Short term -Fund based limits	13.00	13.00	[ICRA]A2; reaffirmed
Short term - Non fund based limits	0.10	0.10	[ICRA]A2; reaffirmed
Long term/Short term - Unallocated limits	8.02	2.45	[ICRA]BBB+(Stable)/[ICRA]A2; reaffirmed
Total	**62.20**	**62.20**	

**Instrument details are provided in Annexure-I*

Rationale

The ratings reaffirmation on the bank lines of Mulberry Silks Limited (MSL) factors in the company's steady improvement in operational and financial performance in recent years across the fabric and real estate segments, which is expected to sustain over the near-to-medium term as well. The improvement in the operational profile is mainly driven by healthy orders in the fabric division, and order execution is well supported by the ongoing capacity additions of velvet fabric and embroidery machinery. MSL's fabric division revenues grew by around 12.1% on a YoY basis in FY2025. However, overall revenues moderated by 11.9% to Rs. 150 crore in FY2025 compared to Rs. 170.3 crore in FY2024, the latter being higher due to a one-time land sale income of Rs. 36.5 crore. Economies of scale, increasing rental income from the real estate business, and higher export benefits for the fabric business have aided MSL's steady and healthy operating profit margin (OPM) of 13-15% over the last four years. Going forward, MSL's revenue growth is likely to be supported by customer additions and repeat business from existing clients. The ratings further derive comfort from steady rental income of around Rs. 8 crore per annum from Bommasandra property and additional rental income from Q2 FY2027 from the recently constructed commercial complex of around 1.4 lakh square feet at Veerasandra, Bengaluru. Furthermore, MSL's financial profile remains comfortable owing to its conservative capital structure, with total debt/tangible net worth (TD/TNW) and total outside liabilities/tangible net worth (TOL/TNW) at 0.4 times and 0.6 times, respectively, in FY2025. The ratings continue to derive strength from MSL's established presence in the silk fabric export market and its long-standing relationships with customers.

The ratings, however, remain constrained by the company's moderate scale of operations, intense competition, and limited pricing flexibility, which expose its earnings to volatility in raw material prices and exchange rates. MSL also faces high customer and geographical concentration risks. Additionally, ICRA notes that MSL has investments to its Group entities amounting to Rs. 12.4 crore as on March 31, 2025 (Rs. 35.6 crore as on March 31, 2024). Further, MSL is likely to deploy its excess funds in its group entities (including Group NBFC).

The Stable outlook on the long-term rating reflects ICRA's expectation that MSL is likely to improve its earnings and coverage metrics gradually. Further, the outlook underlines ICRA's expectation that the entity's incremental capex/investments, if any, to further increase capacity will be funded in a manner that enables it to durably maintain its debt protection metrics commensurate with the existing ratings.

Key rating drivers and their description

Credit strengths

Established presence in silk fabrics export business – MSL is a major supplier of silk fabric from India and exports luxurious silk fabrics for furnishings, wall coverings and upholstery mainly to home decorators, trade shops and distributors in the UK and other European nations. The promoters have been involved in the business for more than three decades. The company has been able to forge strong relationships with an established clientele possessing vast experience in fabric making and wholesale business. MSL's scale of operations has been sustained over the years due to a stable customer base.

Stable rental income from leasing business – MSL is currently getting steady rental income of around Rs. 8 crore per annum. Further, MSL has recently developed a commercial complex of around 1.4 lakh square feet in Veerasandra, Bengaluru. The same is likely to fetch rental income of Rs. 11-12 crore per annum on full occupancy, which would support the overall earnings going forward.

Comfortable capital structure – MSL's financial profile remains comfortable, with its conservative capital structure supported by stable earnings and steady accretion to reserves and surplus. Key credit metrics including Total Debt/TNW and TOL/TNW stood at 0.4 times and 0.6 times, respectively, as on March 31, 2025. Given the expected steady earnings and no major debt-funded capex plans in the medium term, MSL's capital structure is expected to remain comfortable.

Credit challenges

Moderate scale of operations – MSL's scale remained moderate, with revenues of about Rs. 150 crore in FY2025. The moderate scale and intense competition in the textiles industry limit its revenue growth. However, MSL's revenues over the medium term are likely to be supported by its established presence, a strong customer base and a wide product range.

Earnings exposed to limited pricing flexibility and high tenant concentration risks – The European Union and the UK contributed 73-78% to MSL's revenues during FY2023-FY2025. Further, MSL's customer concentration has remained relatively high, with around 51% of sales made to its top five customers in FY2025, making the company vulnerable to demand from key markets and customers. However, MSL's long-term relationships with its customers have provided stability to its revenues. Further, intense competition and limited pricing flexibility expose MSL's earnings to fluctuations in raw material prices and exchange rates. The company is also exposed to tenant concentration risk, wherein MSL derives its entire rental income from a single customer from the Bommasandra property. Nonetheless, this risk is partly mitigated by long lease tenures and incremental rental income from the Veerasandra property going forward.

Liquidity position: Adequate

MSL's liquidity position is expected to remain adequate, supported by steady rental income and an adequate cushion in its working capital limits. The average utilisation of fund-based limits stood at around 77% of its sanctioned limit of Rs. 13.1 crore for the last 12 months ending December 2025. The company is likely to generate cash accruals of Rs. 16-18 crore against repayment obligations of around Rs. 3 crore in FY2026 and around Rs. 5.8 crore in FY2027. Further, it has capex plans of around Rs. 20 crore in FY2026, which are being funded through term loans of around Rs. 10 crore and the balance through internal accruals. ICRA expects MSL to be able to meet its near-term commitments comfortably through internal accruals.

Rating sensitivities

Positive factors – ICRA could upgrade MSL's ratings, if its scale of operations and earnings register strong growth on a sustained basis, while maintaining its comfortable credit metrics and liquidity position.

Negative factors – Pressure on MSL's ratings could arise if there is decline revenues and profitability along with any sharp elongation of its working capital cycle. Further, a significant debt-funded capex/investment, which adversely impacts its coverage metrics and liquidity position, could also result in ratings downgrade. Specific credit metrics that may lead to a revision in the ratings include DSCR of less than 1.8 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Textiles - Fabric Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD)
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of the rated entity.

About the company

MSL finds its origin from Shakshambana Silks Exports Private Limited (SSPL), which was taken over by the current promoters' family in 1990. It exports luxurious silk fabrics for furnishings, wall coverings and upholstery, primarily to the niche silk home furnishings segment, wherein the client base generally comprises high-end residential customers, hotel chains and palaces. MSL markets to distributors in the UK and European countries with exports accounting for around 90% of its revenues. The company has presence across jacquard, dobby, velvet, wallcovering, printed and embroidery fabrics. After altering its Memorandum of Association in FY2021, MSL began engaging in real estate activities.

Key financial indicators

MSL	FY2024	FY2025
Operating income	170.3	150.0
PAT	37.9	10.5
OPBDIT/OI	32.0%	14.8%
PAT/OI	22.3%	7.0%
Total outside liabilities/Tangible net worth (times)	0.6	0.6
Total debt/OPBDIT (times)	1.3	2.9
Interest coverage (times)	9.9	3.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore ; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Jan 30, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based-Term loans	Long term	46.65	[ICRA]BBB+ (Stable)	Dec 04, 2024	[ICRA]BBB+ (Stable)	Sep 15, 2023	[ICRA]BBB+ (Stable)	Jul 07, 2022	[ICRA]BBB+ (Stable)
Fund based limits	Short term	13.00	[ICRA]A2	Dec 04, 2024	[ICRA]A2	Sep 15, 2023	[ICRA]A2	Jul 07, 2022	[ICRA]A2
Non fund based	Short term	0.10	[ICRA]A2	Dec 04, 2024	[ICRA]A2	Sep 15, 2023	[ICRA]A2	Jul 07, 2022	[ICRA]A2
Unallocated limits	Long term/ Short term	2.45	[ICRA]BBB+ (Stable)/ [ICRA]A2	Dec 04, 2024	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-	Jul 07, 2022	[ICRA]BBB+ (Stable)/ [ICRA]A2

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term– Term loans	Simple
Short term – Fund based	Simple
Short term – Non fund based	Simple
Long term/Short 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	**Term loan**	FY2023 & FY2026	NA	FY2031 & FY2037	46.65	[ICRA]BBB+(Stable)
NA	**Fund based limits**	-	NA	-	13.00	[ICRA]A2
NA	**Non fund based - Bank guarantee**	-	NA	-	0.10	[ICRA]A2
NA	**Long term / Short term -Unallocated limits**	NA	NA	NA	2.45	[ICRA]BBB+ (Stable) /[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 - Not Applicable

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