July 15, 2026

Mirza International Limited: Ratings downgraded to [ICRA]BBB+(Stable)/[ICRA]A2

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator^
Fund based – Working capital facilities	25.00	23.00	[ICRA]BBB+ (Stable); downgraded from [ICRA]A- (Stable)	RBI
Non-fund based – Working capital facilities	20.00	10.00	[ICRA]A2; downgraded from [ICRA]A2+	RBI
ST fund based Others	160.00	160.00	[ICRA]A2; downgraded from [ICRA]A2+	RBI
LT/ST-Unallocated limits	0.00	12.00	[ICRA]BBB+ (Stable)/[ICRA]A2; downgraded from [ICRA]A- (Stable)/[ICRA]A2+	RBI
Total	**205.00**	**205.00**		

**Instrument details are provided in Annexure I*

^ SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The ratings downgrade factors in ICRA's expectations of subdued operational and financial performance of Mirza International Limited (MIL) over the near-to-medium term, albeit with a gradual improvement from FY2026 levels. The company's credit profile is expected to remain constrained by moderate debt coverage metrics, primarily due to weak demand conditions in key export markets and continued losses in the leather segment, despite the improvement in the division in FY2026.The company reported a 9% decline in operating income in FY2026, attributable to tariff-related disruptions in the US market, particularly during Q3 and Q4 FY2026 as well as weak demand conditions in the UK (its largest market). The decline in revenues, coupled with under-absorption of fixed overheads and discounts extended to customers amid the elevated tariff environment, resulted in a sharp contraction in operating margins to 3.4% in FY2026 from 6.2% in FY2025. The company had also reported an 8% decline in revenues in FY2025, driven by subdued export demand and revenue loss during Q4 FY2025 amid uncertainty surrounding the implementation and impact of the US tariff hikes. The sustained moderation in profitability led to a weakening of debt protection metrics, with interest coverage declining to 2.3 times in FY2026 from 3.4 times in FY2025. While ICRA expects a modest recovery in FY2027, supported by revenue growth of 3–5% and an improvement in operating margins to around 5%, the recovery is likely to remain gradual.

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 last three fiscals, the financial position remains comfortable with overall debt of around Rs. 42 crore as on March 31, 2026, against a healthy net worth base. The current manufacturing capacity remains sufficient to meet the incremental requirement at present, and the capital expenditure is expected to remain at around Rs. 10-15 crore/annum. The liquidity position also remains adequate with sufficient cushion in the working capital limits and unencumbered cash and equivalent of Rs. 15-20 crore as of June 2026.

The ratings remain constrained by the high working capital intensity (39% in FY2026) 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 rates of export incentives and tariffs imposition by importing countries. The ratings are also constrained by moderate capacity utilisation levels and losses in 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 the business and financial risk profile of the company is expected to gradually improve in the upcoming quarters (supported by implementation of the UK FTA), which is likely to help the company report a steady improvement in debt coverage metrics while maintaining adequate liquidity profile.

Key rating drivers and their description

Credit strengths

Established track record of the Group in footwear business – MIL has a long track record in the 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 the 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 39% as on March 31, 2026, 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/tariffs imposed by importing countries, or in the GoI's regulations may adversely impact the company's profitability.

Intense competition and geographical concentration risks – The company is exposed to intense competition in both the domestic and export markets, which puts pressure on margins. The intense competition has also impacted MIL's capacity utilisation in both footwear and tannery divisions, which stood at 49% and 42%, respectively, in FY2026. Moreover, the company is exposed to high geographical concentration risk as 65% 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 in the expectation of improvement in cash flow, healthy cash and liquid investments (Rs. 15-20 crore as of June 2026) and unutilised portion of the working capital limits to the extent of around Rs. 90 crore as of May 2026. The company has repayment obligations of Rs. 1.50 crore in FY2027. The company has no major capex plans going forward, with capex outgo expected to remain at Rs. 6-7 crore in FY2027.

Rating sensitivities

Positive factors – A meaningful expansion in revenues and operating profitability, supported by improved export demand and leading to stronger debt protection metrics, while maintaining a healthy liquidity profile, could positively impact the ratings.

Negative factors – The ratings may be downgraded, in case of a sustained decline in revenues and profitability, thus weakening the debt protection metrics. Moreover, pressure on the liquidity profile, driven by any major acquisitions/debt-funded capex and/or elongation of the working capital cycle, could also be a negative trigger. A specific credit metric for ratings downgrade includes an Interest coverage below 3.5 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 sons, 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. MIL's various brands include Thomas Crick, Off The Hook London and Oaktrak.

Key financial indicators (audited)

Consolidated	FY2025	FY2026
Operating income	581.2	527.2
PAT	-3.3	-0.6

OPBDIT/OI	6.2%	3.4%
PAT/OI	-0.6%	-0.1%
Total outside liabilities/Tangible net worth (times)	0.4	0.3
Total debt*/OPBDIT (times)	3.0	2.6
Interest coverage (times)	3.4	2.3

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 (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs crore)	15-Jul-26	Date	Rating	Date	Rating	Date	Rating
Fund-based-working capital	Long Term	23.00	[ICRA]BBB+ (Stable)	Jun 03, 2025	[ICRA]A- (Stable)	Sep 10, 2024	[ICRA]A- (Stable)	Sep 18, 2023	[ICRA]A- (Stable)
Fund-based/Non-fund based-Unallocated limits	Long Tem/Short Term	12.00	[ICRA]BBB+ (Stable)/[ICRA]A2	-	-	-	-	-	-
Fund-based-Others	Short Term	160.00	[ICRA]A2	Jun 03, 2025	[ICRA]A2+	Sep 10, 2024	[ICRA]A2+	Sep 18, 2023	[ICRA]A2+
Non-fund based-Others	Short Term	10.00	[ICRA]A2	Jun 03, 2025	[ICRA]A2+	Sep 10, 2024	[ICRA]A2+	Sep 18, 2023	[ICRA]A2+
Fund-based-Term loan	Long Term	-	-	-	-	-	-	Sep 18, 2023	[ICRA]A- (Stable)
Unallocated limits-Unallocated limits	Long Term	-	-	-	-	-	-	Sep 18, 2023	[ICRA]A- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund Based – Working Capital Facilities	Simple
Non-fund Based – Working Capital Facilities	Simple
Fund based Others	Simple
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	Financial Sector Regulator^
NA	**Fund Based – Working Capital Facilities**	NA	NA	NA	23.00	[ICRA]BBB+ (Stable)	RBI
NA	**Non-fund Based – Working Capital Facilities**	NA	NA	NA	10.00	[ICRA]A2	RBI
NA	**Fund based Others**	NA	NA	NA	160.00	[ICRA]A2	RBI
NA	**Unallocated**	NA	NA	NA	12.00	[ICRA]BBB+(Stable)/[ICRA]A2	RBI

Source: Company

^ SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

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
Genesis Brands Private Limited	100.0%	Full Consolidation
Genesis Brands Inc	100.0%	Full Consolidation
Genesis Brands UG	100.0%	Full Consolidation
Mirza (U.K.) Limited	100.0%	Full Consolidation

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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.

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