



Press Release
MEERA COTTON AND SYNTHETIC MILLS PRIVATE LIMITED
June 20, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	10.60	ACUITE BBB Stable Assigned	-
Bank Loan Ratings	134.06	ACUITE BBB Stable Reaffirmed	-
Bank Loan Ratings	1.25	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	145.91	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BBB**' (read as **ACUITE triple Ba**) and short-term rating of '**ACUITE A3+**' (read as **ACUITE A Three plus**) on the Rs.135.31 Cr. bank facilities of Meera Cotton and Synthetic Mills Private Limited (MCSMPL). The outlook is '**Stable**'.

Further, Acuite has assigned its long-term rating of '**ACUITE BBB**' (read as **ACUITE triple Bo**) on the Rs.10.60 Cr. bank facilities of Meera Cotton and Synthetic Mills Private Limited (MCSMPL). The outlook is '**Stable**'.

Rationale for rating

The rating reaffirmation factors in the steady business position of the company as reflected from its improving operating margins over the year. The operating margin improved to 8.79% in FY2024 from 8.40% in FY2023 and 7.70% in FY2022. However, the operating revenue of the company declined to Rs. 381.68 Cr. in FY2024 from Rs. 406.06 Cr. in FY2023, with expected improvement in FY2025 to ~Rs. 415 Cr. The rating also draws comfort from the experienced management, moderate financial risk profile and adequate liquidity position. The rating, however, remains constrained on account of intensive working capital operations, highly fragmented and competitive nature of the industry and susceptibility of margins to fluctuation in raw material prices. Going ahead, the ability of the company to sustain growth in its scale of operations while maintaining profitability will remain a key monitorable.

About the Company

Incorporated in the year 1994, Meera Cotton and Synthetic Mills Private Limited is a Mumbai based company. The company is headed by Mr. Jayesh Shah (Managing Director) who has been engaged with company since inception and has an experience of more than three decades in the industry. The company is engaged in the manufacturing of Texturised and twisted yarn, knitted fabrics, and garments and deals with polyester and spandex. The company has two manufacturing plants at Silvassa and Bhiwandi. The current installed capacity of texturised yarn is 24000 MT, twisted Yarn is 1200 MT, and knitted fabric is 19,800 MT. The present directors of the company are Mr. Jayesh Sevantilal Shah, Mr. Ritesh Suresh Shah, Mr. Jay Jayesh Shah and Mr. Paurav Deepakkumar Shah.

Unsupported Rating

Not Applicable.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of Meera Cotton and Synthetic Mills

Key Rating Drivers

Strengths

Established track record of operations and experienced management

MCSMPL was incorporated in the year 1994. It's Managing Director Mr. Jayesh Shah has been associated with the company since its inception and has an experience of more than three decades in the industry and is ably assisted by an experienced second line of management. The extensive experience of the directors has helped the company to maintain healthy relationship with its customers and suppliers. The company's operating income declined to Rs. 381.68 Cr. in FY2024, compared to Rs. 406.06 Cr. in FY2023. However, in FY2025(estimated) the operating income increased to Rs.415 Cr, the installed capacity and actual utilization has improved in FY2025, leading to better operating income. Despite decline in the revenue, the operating margin of the company marginally improved to 8.79 % in FY2024 from 8.40% in FY2023. The PAT margin stood at 3.95 percent in FY2024 as against 3.88 percent in FY2023.

Acuité believes that the company will continue to benefit from the extensive experience of the management along with a healthy relationship with its customers and suppliers.

Moderate Financial Risk Profile

The financial risk profile of the company is moderate marked by improving net worth, moderate gearing and debt protection metrics. The tangible net worth of the company improved and stood at Rs. 89.18 Cr. as on 31 March 2024 as against Rs. 74.10 Cr. as on 31 March 2023 due to accretion of profits to reserves. The gearing level marginally improved and stood at 1.20 times as on 31 March 2024 as against 1.40 times as on 31 March 2023. The Debt/ EBITDA stood at 2.86 times as on 31 March 2024 as against 2.90 times as on 31 March 2023. Total outside liabilities to Tangible net worth (TOL/ TNW) stood at 1.54 times as on 31 March 2024 as against 1.77 times as on 31 March 2023. The debt protection metrics are moderate where interest coverage ratio (ICR) stood at 4.06 times in FY2024 as against 4.82 times in FY2023. Debt service coverage ratio (DSCR) stood at 1.47 times in FY2024 as against 2.01 times in FY2023. Net Cash accruals / total debt (NCA/TD) ratio stood at 0.20 times in FY2024 as against 0.21 times in FY2023. The company further plans to expand its garment production capacity in FY2026. To facilitate this expansion, the company has allocated a total CAPEX of ~Rs. 10 Cr. for the purchase of plant and machinery, to be financed through a term loan of Rs. 7.63 Cr, with the remaining amount through internal accruals. Acuité believes that the financial risk profile of the company will continue to remain moderate in near to medium term.

Weaknesses

Moderately Intensive working capital nature of operations

The working capital management of the company is intensive in nature marked by increased Gross Current Assets (GCA) days to 125 in FY2024 as compared to 112 days in FY2023. The inventory days stood at 33 days in FY2024 as compared to 30 days in FY2023. The debtor days stood at 71 days in FY2024 as against 73 days in FY2023. Further, the creditor days stood at 21 days in FY2024 as compared to 17 days in FY2023. The average utilization of working capital limits remained moderate with average utilisation of fund-based limits at ~ 43.65% over the last twelve months ending April 2025.

Acuité believes that the working capital operations of the company will remain at similar levels given the nature of the industry over the medium term.

Highly fragmented and competitive industry and susceptibility of margins to raw material price fluctuation risk

The knitted garment industry in India is highly fragmented and competitive, marked by the presence of a large number of organised and unorganised players. MCSMPL is exposed to intense competition from both domestic players as well as the established players in the overseas market. The shifts in consumption patterns can also have an adverse impact on the operations of the company. Further, the profitability of the company is susceptible to fluctuations in the prices of raw materials – polyester, spandex and other consumables.

Rating Sensitivities

- Elongation in working capital cycle leading to deterioration in liquidity.
- Ability of the company to maintain its profitability margins amidst the fluctuation in raw material prices.

Liquidity Position

Adequate

The company generated sufficient net cash accruals of Rs. 21.90 Cr. in FY2024 as against repayment obligations of Rs. 11.99 Cr. during the same tenure. In addition, it is expected to generate sufficient cash accrual against its maturing repayment obligations over the medium term. The cash and bank balances of the company stood at Rs. 15.57 Cr. as on March 31, 2024. The current ratio stood comfortable at 1.45 times as on March 31, 2024, as compared to 1.46 times as on March 31, 2023. Further, the reliance on working capital limits remained moderate with average utilisation of fund-based limits at ~43.65% over the last twelve months ending April 2025. Going ahead, liquidity position of the company is expected to remain adequate on account of steady accruals against its repayment obligation and buffer available from unutilised working capital limits.

Outlook: Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	381.68	406.06
PAT	Rs. Cr.	15.06	15.75
PAT Margin	(%)	3.95	3.88
Total Debt/Tangible Net Worth	Times	1.20	1.40
PBDIT/Interest	Times	4.06	4.82

Status of non-cooperation with previous CRA (if applicable)

Not Applicable.

Any other information

None.

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 Mar 2024	Bank Guarantee (BLR)	Short Term	1.25	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	2.87	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	14.39	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	57.85	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BBB Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	3.65	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	12.39	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	1.70	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	7.09	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	12.12	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	2.00	ACUITE BBB Stable (Assigned)
15 Mar 2023	Bank Guarantee (BLR)	Short Term	1.25	ACUITE A3+ (Upgraded from ACUITE A3)
	Term Loan	Long Term	0.97	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	4.95	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	18.36	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Cash Credit	Long Term	57.85	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Proposed Long Term Bank Facility	Long Term	3.47	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	14.40	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	4.66	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	7.40	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
06 Feb 2023	Bank Guarantee/Letter of Guarantee	Short Term	1.10	ACUITE A3 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	0.15	ACUITE A3 (Assigned)
	Cash Credit	Long Term	37.85	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.97	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	4.95	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	18.36	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	4.66	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	7.40	ACUITE BBB- Stable (Assigned)

	Term Loan	Long Term	14.40	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.08	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.39	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.25	Simple	ACUITE A3+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	19.03	Simple	ACUITE BBB Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	77.85	Simple	ACUITE BBB Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.97	Simple	ACUITE BBB Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.08	Simple	ACUITE BBB Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Jun 2028	9.39	Simple	ACUITE BBB Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Nov 2027	4.78	Simple	ACUITE BBB Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Aug 2030	12.26	Simple	ACUITE BBB Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Jul 2025	0.48	Simple	ACUITE BBB Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Dec 2027	10.19	Simple	ACUITE BBB Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Jun 2033	7.63	Simple	ACUITE BBB Stable Assigned

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	Contact details exclusively for investors and lenders
Kirti Berlia Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.