

Mercury Fabrics Private Limited

January 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	17.73	CARE BBB; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	0.27	CARE BBB; Stable / CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

While arriving at ratings assigned to bank facilities of Mercury Fabrics Private Limited (MFPL), CARE Ratings Limited (CareEdge Ratings) has taken a combined view of MFPL and Mercury Ensembles and Textiles Private Limited (METPL), as these entities (together referred to as group) have common promoters, and operational and financial linkages.

Reaffirmation of the ratings assigned to the bank facilities of MFPL factors in comfortable financial risk profile marked by comfortable gearing and debt coverage metrics and adequate liquidity. Further, the ratings continue to derive strength from experienced promoters and association with reputed global brands which are distributed through leading export houses and efficient working capital management. However, the ratings are constrained by moderation in operational performance in FY25 (FY refers to April 01 to March 31) considering economic conditions in US and European markets. Ratings also factor in the recessionary trend in the textile industry, sensitivity to government regulations and intense competition and susceptibility of profitability margins to volatility in raw material prices.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations above ₹375 crore and profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 14% on a sustained basis.
- Improvement in capital structure with overall gearing below 0.25x on a sustained basis.
- Reduction in gross current asset days below 75 days on a sustained basis.

Negative factors

- Deterioration in scale of operations below ₹200 crore and PBILDT margin below 8% on a sustained basis.
- Any large capex which may adversely affect the capital structure of the company with overall gearing above 1x on a sustained basis.
- Deterioration in operating cycle above 30 days and average collection period above 60 days.

Analytical approach: Combined

CareEdge Ratings has combined the financials of entities listed under **Annexure-6**, factoring in operational and financial synergies between group entities since these entities are controlled by common promoters with cash flow fungibility among group entities.

Outlook: Stable

The 'Stable' outlook reflects that the group is likely to maintain its operating & financial performance coupled with adequate liquidity position, thereby maintaining its comfortable solvency profile over the medium term.

Detailed description of key rating drivers:

Key strengths

Comfortable financial risk profile

The capital structure of the group remained comfortable in FY25, with overall gearing at 0.35x as on March 31, 2025 (FY24: 0.33x). Debt coverage indicators also improved, marked by interest coverage of 11.57x and Total Debt to GCA of 2.14x as on March 31, 2025 (FY24: 10.29x and 1.42x respectively). The improvement in interest coverage is supported by lower finance costs, while the increase in Total Debt to GCA is on account of higher debt levels compared to FY24 and moderation in cash accruals. The capital structure is expected to remain comfortable going forward, aided by accretion of profits to reserves and absence of any major debt-funded capex in the near term.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Efficient working capital management

The operating cycle of the group remained comfortable, however slightly elongated to 35 days in FY25 (FY24: 25 days). Inventory holding remained stable at around 21 days, with nearly half of the inventory maintained as raw material and the collection period improved to 47 days (PY: 52 days). The creditor period remained at 33 days (FY24: 50 days), supporting overall liquidity. All exports continue to be LC-backed, mitigating counterparty risk.

Experienced promoters

MFPL was founded by Tajinder Sachdeva (Managing Director) in 2006. He has industry experience of around 40 years. He oversees the production and finance department of the company. He is assisted by his sons, Rahul Sachdeva (Director) and Pranav Sachdeva (Director). Rahul Sachdeva looks after the procurement and quality control department of the company while Pranav who has completed his master's in business design from Domus Academy, Italy looks after the administration and Human Resource (HR) department of the company.

Association with reputed global brands through garment exporters

MFPL is an approved vendor of reputed global brands such as H&M, Zara, Mark & Spencers, Gap among others. The fabric manufactured by MFPL is distributed to these global brands through known garment exporters.

Key weaknesses**Moderate scale of operations**

The group reported a marginal decline in total operating income during FY25 to ₹239.48 crore (FY24: ₹243.06 crore), primarily due to subdued demand in US and European markets amid inflationary pressures. Profitability margins also remained moderate, with PBILDT margin at 8.25% and PAT margin at 3.14% during FY25 (FY24: 10.31% and 4.04% respectively). Going forward, the group expects moderation in scale of operations for FY26 with similar profitability margins as cost-control measures are being implemented. The group achieved sales of ₹124.81 crore during 8MFY26 (refers to April 01 to November 30), indicating a steady but cautious recovery.

Susceptibility of profitability margins to volatility in the raw material prices

The basic raw material consumed by company to produce yarn is cotton. Cotton prices, which are dependent on the government policies, effect of monsoon, etc. have been highly volatile in the past few years. Furthermore, yarn being a commodity, its price is also volatile and movement in yarn prices can also have an impact on the profitability margins of company's fabric and garment verticals.

Sensitivity to government regulations

The textile sector is highly sensitive to the government regulations. Any change in the policies can cause significant fluctuation in the prices of raw material as well as yarn. Government's export policy and incentive schemes impact the earnings of exporters as export incentives form a substantial portion of exporters' revenue.

Industry Prospects

Industry is currently impacted by the recessionary trend in the United States and Europe with cut down on non-essential expenses amid high inflation. Further, the industry is highly competitive with presence of many domestic as well as international players in this industry.

Liquidity: Adequate

The liquidity position of the company remains adequate, supported by sufficient cushion in accruals against repayment obligations. The company has repayment obligations of ₹6.69 crore during FY26 against projected GCA of around ₹16.71 crore, providing comfortable coverage. It also maintains cash and bank deposits of ₹4.50 crore as on March 31, 2025, and free fixed deposits of ₹16.88 crore. Working capital utilization remains low at around 20%, reflecting minimal reliance on fund-based limits. There is no major capex planned, apart from regular maintenance.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Cotton Textile](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

Incorporated in 2006, MFPL is into manufacturing of knitted fabric catering to global fashion brands and garment exporters. The company has an installed manufacturing capacity of 8,400 tons per annum of finish fabric at its manufacturing plant located in Bawal, Haryana. The company is promoted by Tajinder Sachdeva (Managing Director) who has more than 40 years of experience in the textile industry. Further, METPL has begun commercial production from August 2022 onwards.

Brief Financials- Standalone (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	8MFY26 (UA)
Total operating income	206.59	225.86	110.42
PBILDT*	13.37	17.11	NA
Profit after tax (PAT)	3.57	8.03	NA
Overall gearing (x)	0.11	0.12	NA
Interest coverage (x)	24.31	33.55	NA

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Brief Financials- Combined (₹ crore)	March 31, 2024 (UA)	March 31, 2025 (UA)	8MFY26 (UA)
Total operating income	243.06	239.48	124.81 ¹
PBILDT*	25.07	19.75	NA
Profit after tax (PAT)	9.82	7.52	NA
Overall gearing (x)	0.33	0.35	NA
Interest coverage (x)	10.29	11.57	NA

UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

¹ Includes inter-party transactions

Basis for combination: The numbers have been combined through row-by-row addition of all line items of both the entities mentioned under Analytical approach after excluding intra-group transactions.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	June 2030	6.73	CARE BBB; Stable
Fund-based - LT-Working Capital Limits	-	-	-	-	11.00	CARE BBB; Stable
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	0.27	CARE BBB; Stable / CARE A3+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Buyers Credit	LT	-	-	-	1)Withdrawn (03-Apr-24)	-	1)CARE BBB-; Stable (01-Mar-23)
2	Fund-based - LT-Term Loan	LT	6.73	CARE BBB; Stable	-	1)CARE BBB; Stable (08-Jan-25) 2)CARE BBB-; Stable (03-Apr-24)	-	1)CARE BBB-; Stable (01-Mar-23)
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	0.27	CARE BBB; Stable / CARE A3+	-	1)CARE BBB; Stable / CARE A3+ (08-Jan-25) 2)CARE BBB-; Stable / CARE A3 (03-Apr-24)	-	1)CARE A3 (01-Mar-23)
4	Fund-based - LT-Working Capital Limits	LT	11.00	CARE BBB; Stable	-	1)CARE BBB; Stable (08-Jan-25) 2)CARE BBB-; Stable (03-Apr-24)	-	1)CARE BBB-; Stable (01-Mar-23)

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Mercury Fabrics Private Limited	Full	Operational and financial linkages
2	Mercury Ensembles and Textiles Private Limited	Full	Operational and financial linkages

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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