Mafatlal Industries Limited

September 29, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	70.30 (Reduced from 79.30)	CARE BBB+; Stable	Reaffirmed
Long-term / Short-term bank facilities	210.00 (Enhanced from 176.70)	CARE BBB+; Stable / CARE A2	Reaffirmed
Short-term bank facilities	96.00 (Enhanced from 67.00)	CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings reaffirmation reflects healthy performance of Mafatlal Industries Limited (MIL) in FY25 (refers to April 01 to March 31) and Q1FY26 and CARE Ratings Limited's (CareEdge Ratings') expectation of sustained performance in the coming quarters aided by a healthy order book position. MIL's operating income grew by ~35% y-o-y to ₹2,807 crore in FY25 against ₹2,078 crore in FY24 driven by rise in revenue share from consumer durables segment, which grew by 280% y-o-y in FY25 supported by the execution of large government tenders. In Q1FY26, total operating income (TOI) grew significantly at 174.5% y-o-y and stood at ₹1,240 crore (Q1FY24: ₹451.83 crore) driven by the concentration of execution of large institutional orders in consumer durables and textile segments. Revenue from textile and related products contributed ~43% and ~30% to the total revenue in FY25 and Q1FY26, respectively. MIL's inclination towards marketing and sale of products and services through government tenders and public and private sector institutions, while capitalising on its long experience in tendering and corporate business, has led to change in its business model with sizeable revenue share from this segment in FY25. Its profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin continues to remain thin at 2.6% and 3.8% in FY25 and Q1FY26, respectively, considering sizeable contribution from the outsourcing-led business. In FY25, the company's performance translated into improved adjusted overall gearing (excluding investments in NOCIL Limited) to 0.23x (PY: 0.45x) and total debt to PBILDT (TD/PBILDT) to 0.96x (PY: 1.50x). CareEdge Ratings expects MIL to sustain its performance in the coming quarters backed by healthy unexecuted orderbook position in hand. However, regulatory risks inherent to government tenders and their impact on the company's operations remain a key monitorable.

Ratings continue to favourably factor in MIL's experienced promoters with a track record of over 12 decades in the textile business. MIL's healthy scale of operations, past performance with the state government and financial strength also supports ratings. However, ratings are tempered by moderate profitability margins given asset light outsourcing business and receivables risk considering revenue concentration from government tenders.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improving scale of operations while maintaining operating margin ~3% on a sustained basis.

Negative factors

- Deteriorating operating margin below 1.8% on a sustained basis.
- Deteriorating overall gearing above 1.5x and stretch in the company's liquidity profile
- Significantly declining value of MIL's investment in NOCIL Limited

Analytical approach: Consolidated

CareEdge Ratings has modified the analytical approach from standalone to consolidation of financial statements of MIL and its subsidiaries while arriving at MIL's ratings given the operational and strategic linkages between them. Entities consolidated are listed under Annexure-6.

Outlook: Stable

The stable outlook reflects CareEdge Ratings expectations that the company will continue to benefit from experience of promoters and experience in executing government tenders translating into healthy performance in the near-to-medium term.

Detailed description of key rating drivers:

Key strengths

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

Experienced promoters and management and long track record of company

MIL's promoters, Mafatlal family, have over 12 decades of experience in the textile industry and have been closely involved in management of business and defining and monitoring business strategy for the company. H A Mafatlal, MIL's chairman, has over 47 years of experience in areas including textile, petrochemicals, and chemicals. MIL is professionally managed with members of the board comprising eminent professionals, having wide experience and business acumen and well-supported by key management personnel, having good experience in the industry. Moreover, the company's experience in winning and executing government tenders is expected to aid its business in the coming years.

Sustained scale of operations in FY25 backed by healthy orderbook

MIL registered ~35% y-o-y growth in its total income from operations at ₹2,807 crore in FY25 against ₹2,078 crore in FY24 driven by jump in revenue from consumer durables segment by 280% y-o-y backed by execution of large ticket size government tender. Revenue was also supported by textile and related products and digital infrastructure segments, which contributed 47% to the total operating in the year. The execution of large tender under the consumer durable segment continued in Q1FY26, as reflected by growth in its reported TOI, which stood at ₹1,240 crore. CareEdge Ratings expects sustained performance of MIL in the coming quarters, considering unexecuted healthy orderbook over ~₹1,000 crore as on June 30, 2025. Going forward, maintenance of the healthy orderbook will be crucial for the company to sustain its scale of operations in the medium term.

Adequate capital structure and debt coverage metrics

MIL continues to follow an asset-light approach which minimises incremental capex and borrowing in medium term. In addition to this, the company enjoys longer credit period from its suppliers, reducing the company's reliance on working capital borrowings. The company's adjusted overall gearing (excluding investment in NOCIL Limited) continues to remain below unity at 0.23x as on March 31, 2025 (PY: 0.45x). The total outside liabilities to tangible net worth (TOL/TNW) stood at 0.88x as on March 31, 2025 (PY: 1.22x). The company's PBILDT interest coverage improved to 6.67x in FY25 (3.57x in FY24) considering improved absolute PBILDT at ₹73.15 crore (PY: ₹54.74 crore). CareEdge Ratings expects credit metrics to remain comfortable in the near-to-medium term.

Established brand name and wide geographical coverage

MIL has built a brand image for itself being in the market for over 12 decades. The company's products are principally marketed under the "Mafatlal" brand, which still holds a healthy market recall among consumers. MIL has a wide distribution network with 1000 dealers and 25,000 retailers, making the company's brands available across India. The company's wide distribution and reach and established track record of operations are expected to aid in sustenance of operating performance.

Key weaknesses

Modest profitability constrained by trading business

CareEdge Ratings expects the company's operating profitability to continue to remain modest, given that over 85% revenue is derived from trading and outsourcing segment. Owing to MIL's outsourcing led asset light business model approach, the company is focused on high volume and low margin business model. Profitability continued to remain modest at 2.60% in FY25 (FY24: 2.63%). However, in Q1FY26, profitability margins stood at 3.88%, which was supported by revenue share from textile and related segment owing to MIL's focus on providing complete uniform solutions for schools and corporates and cost optimisation measures undertaken in the past, followed by continuous improvement in operational efficiencies.

Regulatory risks inherent to government tenders and dependence on creditors to meet working capital requirements

As majority revenue depends on government tenders, the company is susceptible to risks related to decline in government spending, change in government priorities or government instability. MIL's diversification across states and participation in tenders which are backed by budgetary allocations mitigate the risk to an extent. CareEdge Ratings also notes MIL's entry in digital infrastructure, which encompasses supply, implementation and maintenance of technology products, where the company has limited experience, exposing it to risks including that of legal liabilities for non-performance. Government tenders carry the risk of sizeable receivables, which elongates the working capital cycle as reflected in MIL's collection period of ~80 days. However, this working capital cycle is taken care due to longer credit period offered by suppliers. This is reflected in stretched creditors of over 80-100 days in the last two years. Significant change in arrangement with creditors or substantial delay in receipt of funds from authorities could materially impact MIL's liquidity. However, comfort is drawn from MIL's experience in dealing with governments and the supply chain ecosystem, which MIL has developed over decades.

Liquidity: Adequate

The company's liquidity is adequate with expected gross cash accrual (GCA) of ₹90-100 crore per annum in the next 2-3 years against debt repayment obligation of ₹13.97 crore in FY26 and ₹6-7 crore per annum. thereafter. MIL's free cash and bank position stood at ₹57 crore as on March 31, 2025 (As on March 31, 2024: ₹189 crore) with average fund-based limits utilisation below 50% for twelve months ended June 30, 2025, which indicates adequate liquidity buffer. MIL holds 2.04 crore unencumbered shares in NOCIL Limited, having market value of ₹389 crore as on July 11, 2025. While these shares are part of promoters holding in NOCIL, it enhances MIL's financial flexibility. The company's liquidity is majorly supported by high credit period extended by suppliers and unutilised limits available.

Assumptions/Covenants: Not applicable

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

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Cotton Textile
Short Term Instruments
Wholesale Trading

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles & apparels	Other textile products

Incorporated in 1913, MIL is among India's oldest textile companies with its brand, Mafatlal, being one of the country's widely recalled textile brands. MIL was initially an integrated textile player with spinning, weaving and processing facilities at Nadiad. Later, it ventured in trading school and corporate uniforms, healthcare and hygiene products, majorly through government tenders. This segment was known as marketing and sales division (MSD). Recently, the company participated in the government tenders for supply of digital infrastructure and consumer durable. The company has reclassified its business into three major segments; textile and textile related products, digital infrastructure, and consumer durables and others. Textile and textile related products are likely to be the mainstay for MIL, going forward.

Brief Financials (₹ crore)-Consolidated	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	2,078.64	2,807.47	1,240.28
PBILDT	54.73	72.99	47.96
PAT	98.75	97.93	45.56
Overall gearing (times)	0.10	0.10	NA
Interest coverage (times)	3.57	6.67	22.95

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results

Brief Financials (₹ crore)-Standalone	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	2,078.41	2,807.23	1,240.22
PBILDT	54.74	73.15	47.96
PAT	98.75	98.14	45.94
Overall gearing (times)	0.10	0.10	NA
Interest coverage (times)	3.57	6.67	22.95

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	25.00	CARE BBB+; Stable
Fund-based - ST-Others	-	-	-	-	96.00	CARE A2
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	-	-	-	-	23.00	CARE BBB+; Stable / CARE A2
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	187.00	CARE BBB+; Stable / CARE A2
Term Loan-Long Term	-	-	-	31-03- 2031	45.30	CARE BBB+; Stable

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-Cash Credit	LT	25.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (04-Oct-24)	1)CARE BBB; Stable (03-Aug-23)	1)CARE BBB-; Stable (30-Aug-22) 2)CARE BBB-; Stable (10-Aug-22)
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	187.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable / CARE A2 (04-Oct-24)	1)CARE BBB; Stable / CARE A3+ (03-Aug-23)	1)CARE BBB-; Stable / CARE A3 (30-Aug-22) 2)CARE BBB-; Stable / CARE A3 (10-Aug-22)
3	Term Loan-Long Term	LT	45.30	CARE BBB+; Stable	-	1)CARE BBB+; Stable (04-Oct-24)	1)CARE BBB; Stable (03-Aug-23)	1)CARE BBB-; Stable (30-Aug-22) 2)CARE BBB-; Stable (10-Aug-22)
4	Fund-based - ST-Others	ST	96.00	CARE A2	-	1)CARE A2 (04-Oct-24)	1)CARE A3+ (03-Aug-23)	1)CARE A3 (30-Aug-22) 2)CARE A3 (10-Aug-22)
5	LT/ST Fund-based/Non-fund-	LT/ST	23.00	CARE BBB+;	-	1)CARE BBB+;	1)CARE BBB;	-

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
	based-CC/WCDL/OD/LC/BG			Stable / CARE A2		Stable / CARE A2 (04-Oct-24)	Stable / CARE A3+ (03-Aug-23)	

LT: Long term; ST: Short 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-Cash Credit	Simple
2	Fund-based - ST-Others	Simple
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
4	Non-fund-based - LT/ ST-BG/LC	Simple
5	Term Loan-Long Term	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	Pie Flow Tech Solutions Private Limited	Full	Subsidiary
2	Mafatlal Apparel Exports Private Limited	Full	Subsidiary
3	Mafatlal Services Limited	Full	Subsidiary

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.

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About us:

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