Artpalace Export Private limited

July 03, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	14.00	CARE BB; Stable	Assigned
Long Term Bank Facilities	70.00	CARE BB; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

List of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

Rationale and key rating drivers

The reaffirmation of ratings assigned to the bank facilities of Artpalace Exports Private Limited (AEPL) factors in stretched liquidity position marked by high working capital utilization, geographical and customer concentration risk, foreign exchange fluctuation risk, and fragmented and unorganized nature of the carpet industry. However, these rating weaknesses are partially offset by AEPL's growing scale of operations, healthy profitability margins, and experienced promoters coupled with long track record of operations. The ratings further continue to benefit from comfortable financial risk profile marked by low overall gearing and favourable location of operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in liquidity position with working capital utilization below 80% on a sustained basis.
- Improvement in scale of operations while maintaining the current PBILDT margin on a sustained basis.

Negative factors

- Decline in scale of operations with PBILDT margins below 15% on a sustained basis.
- Deterioration of overall gearing levels to above 2.00x on a sustained basis**.**

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects that the entity will continue to benefit from the experienced promoters and long track record of operations and shall sustain its comfortable financial risk profile over the medium term.

Detailed description of key rating drivers:

Key weaknesses

Geographical and customer concentration risk

AEPL exports all its products, including carpets and durries, to various counterparties overseas. However, there is a significant geographical concentration, with over 95% of its exports during FY26(refers to the period from April 01, 2025 to March 31, 2026), (PY: 90%) going to customers based in the USA. Moreover, a substantial portion of AEPL's sales is driven by a few key customers, with the top five customers accounting for nearly 94% of sales in FY26 (PY: 89%). This creates customer concentration risk, where any changes in the procurement policies of these customers could negatively impact AEPL's business.

Foreign exchange fluctuation risk

The company engages in both export and import activities, leading to sales realisation and cash outflows in foreign currency. The company exports most of its carpets and durries to countries such as the USA and South Africa. AEPL imports approximately 10% of its raw materials, including viscose yarn and mohair. As an exclusive exporter, AEPL faces risks from fluctuations in the rupee value against foreign currencies, which can affect its cash accruals. Currently, the company does not have a hedging policy to mitigate these risks. Changes in government policies, whether domestic or international, can impact the company's revenues.

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

AEPL reported a profit of ₹0.05 crore in FY26, compared to ₹0.52 crore in FY25(refers to the period from April 01, 2024 to March 31, 2025), due to foreign exchange fluctuations.

Fragmented and unorganized nature of carpet industry

The Indian carpet industry is characterized by numerous small players and is concentrated in Northern part of India which contributes a significant portion of India's total carpet production. Furthermore, due to low entry barriers due to low technological inputs, less capital intensive and easy availability of standardized machinery for production makes the hand knotted/tufted carpet industry highly lucrative and thus competitive.

Key Strengths

Growing scale of operations

The company has been able to increase the top line, which improved from ₹158.73 crore in FY25 to ₹189.64 crore in FY26, driven by higher sales volumes. Despite a slowdown in the US market, the company has been able to grow its top line through sales at lower prices than the previous year. Although healthy, the profitability margins moderated as reflected by PBILDT margin of 15.93% in FY26 (PY: 23.96%) primarily due to tariffs imposed on Indian exports in the previous year and elevated freight costs amid geopolitical uncertainties.

Experienced promoters coupled with long track record of operations

The company is managed by Mr. Mukhtar Ahmad, Director, AEPL, who has over 30 years of experience in the carpet manufacturing industry. His expertise spans weaving, designing, clipping, and dyeing. Mr. Iftekhar Ahmad, Managing Director, AEPL, is responsible for strengthening relationships with foreign buyers and overseeing the unit's growing production activities. Over the past few years, Mr. Iftekhar has successfully enhanced the company's reputation through client satisfaction, collaboration, and innovative designs. The directors possess a deep understanding of various business aspects, having operated in the carpet industry for over three decades through Rupesh Kumar & Brothers, established in 1989. This experience has helped them build long-term relationships with suppliers and customers, which is expected to benefit AEPL in the long term.

Comfortable capital structure and debt coverage indicators

The capital structure of the company stood comfortable as marked by overall gearing of 0.64x as on March 31,2026 (PY:0.65x). On account of moderated profitability margins, the debt coverage indicators of the company as marked by interest coverage ratio and total debt to GCA moderated at 4.93x and 4.00x in FY26 respectively (PY:7.42x and 3.26x).

Favourable location of operations

The manufacturing facility of the company is situated in Bhadohi, Uttar Pradesh which is a well-established manufacturing hub for carpet handloom industry. AEPL derives the comfort from its strategic location in terms of easy accessibility to carpet weavers. Additionally, various raw materials required in manufacturing of carpets are also readily available and lower lead time requirement of purchase of raw materials owing to established suppliers' presence in the same vicinity of the company.

Liquidity: Stretched

The company liquidity stood stretched with average utilization of ~95% of working capital borrowings for trailing 12 months ended May 31, 2026. The company is planning to incur capex of ~Rs.50.00 crore pertaining to setting up of new plant (capacity expansion for manufacturing carpets) in Noida and plan to invest approximately ₹20 crores in the current year, followed by an additional ₹30 crores in the subsequent year, both of which will also be funded through internal accruals along with repayment obligation of Rs 1.17 crores in FY27.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Cotton Textile
Manufacturing Companies
Financial Ratios – Non financial Sector

About the company and industry

Industry classification

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

Artpalace Exports Private Limited (AEPL) was earlier constituted as a proprietorship concern in 2004 of Mr. Mukhtar Ahmad but in 2008 the constitution was changed as private limited company. The company is engaged in the manufacturing and export of wide variety of handmade carpets & druggets and other floor covering. The company partially manufactures the yarn from wool while a part of yarn used is bought for manufacturing of carpets and druggets. The company's main manufacturing unit is located in Bhadohi, Uttar Pradesh with an installed capacity to manufacture 3,78,691 square meter of carpets and druggets per annum as on March 31,2026

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (P)
Total operating income	158.73	189.64
PBILDT*	38.03	30.20
Profit after tax (PAT)	25.49	23.36
Overall gearing (x)	0.65	0.64
Interest coverage (x)	7.42	4.93

A: Audited P: Provisional; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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-Term Loan		-	-	January 2029	14.00	CARE BB; Stable
Fund-based - LT-Working Capital Limits		-	-	-	70.00	CARE BB; 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 2026-2027	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
1	Fund-based - LT-Working Capital Limits	LT	70.00	CARE BB; Stable	-	1)CARE BB; Stable (27-May-25)	-	-
2	Fund-based - LT-Term Loan	LT	14.00	CARE BB; Stable				

LT: Long 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

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026 to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the rating notes subsequent to issuance(s), CARE Ratings Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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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