

Mafatlal Industries Limited

October 08, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term / Short-term bank facilities	RBI	199.08 (Reduced from 210.00)	CARE A-; Stable / CARE A2+	Upgraded from CARE BBB+; Stable / CARE A2
Long-term bank facilities	RBI	129.92 (Enhanced from 70.30)	CARE A-; Stable	Upgraded from CARE BBB+; Stable
Short-term bank facilities	RBI	91.00 (Reduced from 96.00)	CARE A2+	Upgraded from CARE A2

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Upgrade in ratings assigned to bank facilities of Mafatlal Industries Limited (MIL) reflects significant growth in its scale of operations in the last three years while exhibiting sustainability of profit margins and healthy order book visibility, translating into improvement in the company's liquidity position and debt coverage metrics. CARE Ratings Limited (CareEdge Ratings) expects sustained performance in the medium term owing to its established market position in textile segment, primarily the B2B uniform segment, diversification across business segments and focus on relatively higher-margin business. MIL's total operating income grew at a compounded annualised growth rate (CAGR) of ~40% from FY23-FY26 to ₹3,871 crore in FY26 supported by steady performance of textile and related products and digital infrastructure segments. Its profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin sustained in the range of 2-2.5% p.a. in the last three years. The rating action also factors significant improvement in MIL's liquidity position over the years with sizeable free cash and liquid investments of ~₹130 crore, in addition to sizeable encumbered fixed deposits towards performance bank guarantees, with a net cash surplus as on March 31, 2026. MIL reported operating income of ₹942 crore in Q1FY27, with a PBILDT margin of 1.92%. Performance in the quarter reflected the segmental revenue mix and timing of order execution. With the company's focus on higher margin business and revenue visibility from confirmed unexecuted order book of ~₹890 crore as on June 30, 2026, CareEdge Ratings expects MIL's performance to remain steady in the medium term translating into adequate cash accruals.

Ratings continue to favourably factor in MIL's experienced promoters with a track record of over 12 decades in the textile business and its healthy scale of operations and diversification of business across operating segments with healthy revenue visibility. MIL's healthy capital structure, debt coverage metrics and financial flexibility from sizeable free liquidity and investments in listed entities supports ratings.

However, ratings remain tempered by MIL's moderate profitability given its asset-light outsourcing business, receivables risk considering revenue concentration from government tenders and exposure to technology risks in its digital infrastructure business segment and dependence on creditors to meet working capital requirements.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in scale of operations while improving PBILDT margin above 4% on a sustained basis.
- Improvement in total outside liabilities to tangible net worth (TOL/TNW) below 0.75x.

Negative factors

- Deteriorating operating margin below 2% on a sustained basis.
- Deteriorating overall gearing above 0.5x and total debt/PBILDT above 2.5x
- Deterioration in the company's liquidity profile.
- Significantly declining value of MIL's investment in NOCIL Limited.

Analytical approach: Consolidated

CareEdge Ratings has considered the consolidated financial statements of MIL and its subsidiaries while arriving at ratings given the operational and strategic linkages between them. Entities consolidated are listed under Annexure-5.

¹SEBI: 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.

²Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Outlook: Stable

The Stable outlook reflects expectations that MIL will continue to maintain healthy liquidity and debt coverage metrics while benefitting from established track record, and experienced promoters

Detailed description of key rating drivers
Key strengths
Experienced promoters and management with long track record of operations and established brand name

MIL's promoters, the Mafatlal family have over 12 decades of experience in the textile industry and have been closely involved in management of its business. H A Mafatlal, MIL's Chairman, has over 49 years of experience in areas including textile, petrochemicals, and chemicals. P Mafatlal, MIL's Managing Director and Chief Executive Officer, has over 18 years of experience in textiles. 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. The company's experience in winning and executing government tenders is expected to aid its business in the coming years. MIL has built a brand image for itself owing to its long vintage in the industry. Its products are principally marketed under the "Mafatlal" brand, which 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, ability to reach and established track record of operations are expected to aid in sustenance of operating performance.

Growing scale of operations with diversified business profile and healthy order book

The company has reported strong growth in scale of operations, with total operating income growing at a CAGR of ~40% from FY23-FY26 to ₹3,871 crore in FY26 (up ~38% y-o-y). Growth was supported by the textile and textile-related products segment and the digital infrastructure segment, which together contributed ~40% of the company's operating income in the year, while the balance revenue was derived by consumer durable segment. Going forward, the company intends to strengthen its presence in the textile business through integrated uniform solutions by deepening its presence in corporate uniform segment across industries and increasing its focus on the digital infrastructure segment, which offers relatively better margin prospects and long-term revenue visibility. This strategic emphasis is expected to support diversification of the revenue profile and gradual improvement in profitability in the medium term.

In Q1FY27, MIL reported revenue from operations of ~₹943 crore and a PBILDT margin of 1.9%, reflecting the segmental revenue mix and timing of execution in the quarter.

CareEdge Ratings expects MIL to maintain healthy business momentum in the coming quarters, despite expected moderation in revenue in the near term due to selective execution of orders in the consumer durables segment, supported by an unexecuted order book of ~₹890 crore as on June 30, 2026.

Comfortable capital structure and healthy debt coverage metrics

The company has a sizeable net worth base of ₹765.51 crore as on March 31, 2026, including investments in its promoter group company, NOCIL Limited (rated CARE AA; Stable / CARE A1+), valued at ~₹388 crore. MIL's adjusted overall gearing (excluding investment in NOCIL Limited) remained comfortable at 0.17x as on March 31, 2026 (PY: 0.24x), indicating limited reliance on borrowings. However, TOL/TNW increased to 1.28x as on March 31, 2026 (PY: 0.88x), indicating high working capital requirements, which are largely met through credit period offered by suppliers, majorly linked to realisation of government receivables. The company turned net debt negative as on March 31, 2026, owing to sizeable free cash. MIL's PBILDT interest coverage and total debt/PBILDT improved to 10.55x and 0.69x, respectively, in FY26 (PY: 6.27x and 1.02x, respectively). CareEdge Ratings expects the company's credit metrics to remain comfortable in the near-to-medium term supported by MIL's asset-light approach and relatively longer credit periods from its suppliers.

Key weaknesses
Profitability constrained by trading nature of business

While MIL's PBILDT margin has sustained in the range of 2-2.5% p.a. in the last three years, it remained constrained owing to significant revenue contribution from low-margin consumer durable products. The company continues to follow an asset-light business model, with a strategic focus on outsourcing while utilising its manufacturing facilities selectively for the execution of specific orders. While structural profitability of its business segments improved in the last three years, with earnings before interest and taxation (EBIT) margin for textile segment improving to 5.1% in FY26 (FY24: 2.9%) and for the digital initiative segment at 10.1% in FY26 (FY24: 9.9%), blended profitability remained constrained with ~60% of revenue being contributed by consumer

durables segment with EBIT margin of 1.3-1.5%. The company is progressively increasing its focus on high-margin digital infrastructure segment and being selective in bidding for margin accretive trading contracts. Accordingly, CareEdge Ratings expects a gradual improvement in profitability in the medium term, which remains a key monitorable.

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 a decline in government spending, changes in government priorities, or government instability. MIL's diversification across states and participation in tenders backed by budgetary allocations mitigate this risk to an extent. CareEdge Ratings also notes MIL's entry into the digital infrastructure segment, which encompasses supply, implementation, and maintenance of technology products, software development and after sales services, where the company has limited experience, exposing it to risks, including legal liabilities arising from non-performance. Although the segment benefits from favourable industry tailwinds driven by increasing digitisation initiatives in the education sector, the business remains exposed to execution risks, including timely project completion and fulfilment of contractual obligations. Government contracts generally entail elongated working capital cycles and carry the risk of sizeable receivables. However, the impact of the elongated working capital cycle is mitigated by longer credit period offered by suppliers. Significant reduction in supplier credit support or substantial delay in receipt of funds from authorities could materially impact MIL's liquidity. Comfort is derived from MIL's long track record of executing government orders, established relationships with government departments, and well-developed supply chain network built over decades.

Liquidity: Adequate

The company's liquidity is adequate, with expected healthy gross cash accruals (GCA) of ₹65-75 crore p.a. in the next 1-2 years against debt repayment obligations of ₹8-9 crore p.a. and maintenance capex of ₹20-25 crore p.a. The company has adequate liquidity buffer as indicated by sizeable free cash and liquid investments of ~₹130 crore as on March 31, 2026, and low average utilisation of sanctioned fund-based facilities at less than 10% for 12 months ending June 30, 2026. MIL holds 1.94 crore unencumbered shares in NOCIL Limited with a market value of ₹342 crore as on July 07, 2026, which provides enhanced financial flexibility.

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](#)

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About the company and industry

Industry classification

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

Incorporated in 1913, MIL is among India's oldest textile companies with its brand, "Mafatal", 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. Currently, it covers an extensive range of specialised uniforms solution including textiles, designing and manufacturing, and catering to schools, corporates, healthcare, manufacturing, and hospitality sectors across India and overseas. The portfolio also includes suiting, shirting, voiles, white fabrics and healthcare and hygiene products. The company is operating in three major segments namely textile and textile related products, digital infrastructure, and consumer durables and others. Textile and textile-related products are expected to remain the cornerstone of MIL's revenue base. The company is progressively increasing its

presence in the digital infrastructure segment, which, owing to its higher margin profile, is expected to play a key role in driving company's profitability going forward.

Consolidated Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	2807.85	3871.26	942.65
PBILDT*	68.68	91.76	18.12
PAT	97.93	89.07	14.68
Overall gearing (times)	0.10	0.08	NA
Interest coverage (times)	6.27	10.55	8.51

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

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

Standalone Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	2,807.61	3,870.63	942.47
PBILDT*	68.84	93.33	17.94
Profit after tax (PAT)	98.14	91.07	14.62
Overall gearing (x)	0.10	0.08	NA
Interest coverage (x)	6.28	10.79	8.46

A: Audited; UA: Unaudited; NA: Not Available 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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:

A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) and the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

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

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	RBI	NA	-	-	-	-	90.00	CARE A-; Stable
Fund-based - ST-Others	RBI	NA	-	-	-	-	91.00	CARE A2+
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	RBI	NA	-	-	-	-	17.08	CARE A-; Stable / CARE A2+
Non-fund-based - LT/ST-BG/LC	RBI	NA	-	-	-	-	182.00	CARE A-; Stable / CARE A2+
Term Loan-Long Term	RBI	NA	-	-	-	31-01-2032	39.92	CARE A-; 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-Cash Credit	LT	90.00	CARE A-; Stable	-	1)CARE BBB+; Stable (29-Sep-25)	1)CARE BBB+; Stable (04-Oct-24)	1)CARE BBB; Stable (03-Aug-23)
2	Non-fund-based - LT/ST-BG/LC	LT/ST	182.00	CARE A-; Stable / CARE A2+	-	1)CARE BBB+; Stable / CARE A2 (29-Sep-25)	1)CARE BBB+; Stable / CARE A2 (04-Oct-24)	1)CARE BBB; Stable / CARE A3+ (03-Aug-23)
3	Term Loan-Long Term	LT	39.92	CARE A-; Stable	-	1)CARE BBB+; Stable (29-Sep-25)	1)CARE BBB+; Stable (04-Oct-24)	1)CARE BBB; Stable (03-Aug-23)
4	Fund-based - ST- Others	ST	91.00	CARE A2+	-	1)CARE A2 (29-Sep-25)	1)CARE A2 (04-Oct-24)	1)CARE A3+ (03-Aug-23)
5	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	17.08	CARE A-; Stable / CARE A2+	-	1)CARE BBB+; Stable / CARE A2 (29-Sep-25)	1)CARE BBB+; Stable / CARE A2 (04-Oct-24)	1)CARE BBB; Stable / CARE A3+ (03-Aug-23)

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Lender details**To view lender-wise details of bank facilities please [click here](#)**Annexure-5: List of entities consolidated**

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Pieflowtech Solutions Private Limited	Full	Subsidiary
2	Mafatlal Apparel Exports Private Limited	Full	Subsidiary
3	Mafatlal Services Limited	Full	Subsidiary

Source: FY26 annual report

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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