

Press Release
MAFATLAL INDUSTRIES LIMITED
September 18, 2025
Rating Assigned and Upgraded



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	21.00	ACUITE A- Stable Assigned	-
Bank Loan Ratings	136.00	ACUITE A- Stable Upgraded	-
Bank Loan Ratings	33.00	-	ACUITE A2+ Assigned
Bank Loan Ratings	187.00	-	ACUITE A2+ Upgraded
Total Outstanding Quantum (Rs. Cr)	377.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long-term rating to '**ACUITE A-**' (read as **ACUITE A minus**) from '**ACUITE BBB+**' (read as **ACUITE triple B plus**) and the short-term rating to '**ACUITE A2+**' (read as **ACUITE A two plus**) from '**ACUITE A2**' (read as **ACUITE A two**) on the Rs. 323.00 crore bank facilities of Mafatlal Industries Limited (MIL). The outlook is '**Stable**'.

Also, assigning the long-term rating of '**ACUITE A-**' (read as **ACUITE A minus**) and the short-term rating of '**ACUITE A2+**' (read as **ACUITE A two Plus**) on the Rs. 54.00 crore bank facilities of Mafatlal Industries Limited (MIL). The outlook is '**Stable**'.

Rationale for the rating upgrade

The rating upgrade is majorly on account of consistent growth in the operating performance of the company marked by improvement in operating income and profitability margins. The rating considers the extensive experience of promoters, long track record of operations along with healthy financial risk profile, comfortable working capital nature of operations and strong liquidity position of the company. The Company's focused transformation strategy, underpinned by an asset-light model, has strengthened its business, diversified its revenue streams, and enabled the company to tap into new growth opportunities in a scalable, profitable manner. The rating continues to draw comfort from MIL's comfortable capital structure and monetizable assets in the form of unencumbered shares of NOCIL Limited. However, the rating remains constrained by the risks associated with government tenders and their potential impact on the company's operations and company's exposure to intense competition within a fragmented industry.

About the Company

Mafatlal Industries Limited (MIL) incorporated in the year 1913 by Mr. Mafatlal Gagalbhai, is one of India's oldest textile manufacturers and a part of the Arvind Mafatlal Group. The Company is currently led by Mr. Hrishikesh Arvind Mafatlal, Chairman and his son Mr. Priyavrata H Mafatlal, Managing Director and is based out of Mumbai, Maharashtra. In FY24, the company reclassified its business in three segments: Textile and textile related products, digital infrastructure, and consumer durables and others. MIL operates an integrated manufacturing facility in Nadiad, equipped with spinning, weaving, dyeing and processing capabilities. In addition, the Company is also engaged in the supply of textiles and related products, digital infrastructure and consumer durable products by participating in various Government tenders. The company has a presence of over eleven decades in textile manufacturing.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Mafatlal Industries Limited (MIL) for arriving at the rating.

Key Rating Drivers

Strengths

Reputed business with a vintage track of operations

MIL is a 120-year-old textile company in India and part of Arvind Mafatlal Group founded by Mr. Mafatlal Gagalbhai. The current promoters of the company have more than six decades' experience in the business and are involved in day-to-day operations as well as strategic decision making of the company. Chairman, Mr. Hrishikesh Mafatlal has an experience of more than 47 years and is on the board of MIL since 1979. Mafatlal is one of the oldest brands recalled for its presence in the textiles industry for readymade garments, school uniforms, corporate garments, home textiles, etc. MIL's business is spread across the country with a robust dealer and B2B network with more than 1000 dealers and 25,000 retailers. As part of its transformation strategy, Company adopted an "Outsourcing led asset light business model" to drive sustainable and profitable growth. Currently, the Company operates through three major segments, namely Textiles and related products, Digital Infrastructure and Consumer Durables. Acuité believes that with a vast experience of the management along with distinguished and diversified product profiles and with an established brand name of "Mafatlal" the business risk profile is expected to remain comfortable and will support the operations over the medium term.

Improvement in scale of operations and profitability

The Company delivered an exceptional quarter, with a surge in revenue from operations by 174.5 percent from Rs. 451.83 Cr. in Q1FY25 to Rs.1,240.22 Cr. in Q1FY26. This performance was primarily driven by the concentration of execution of large institutional orders in Q1FY26. The Company also reported a healthy PBT of 42.26 Cr. in Q1FY26 against Rs. 23.57 Cr. in Q1FY25 supported by enhanced margin performance, leveraging growth from its Institutional and Uniform business. The Textile and Related Products segment showed notable improvement driven by the Company's focus on providing complete uniform solutions for both schools and corporates and cost optimization measures undertaken in the past followed by continuous improvement in operational efficiencies.

The operations of the company reported growth in operating income to Rs. 2807.23 Cr. in FY25 as against Rs. 2078.41 Cr. in FY24, reflecting a YoY growth of 35.07 percent in FY25. This strong performance was driven by the execution of large institutional orders under consumer durable segment and textile and related segment. Also, the company has a healthy running order book worth Rs. 1000 Cr. as on June 2025. The company has reported the operating profit of Rs. 68.84 Cr. in FY25 against Rs. 45.57 Cr. in FY24. The operating profit margin of the company stood at 2.45 percent in FY25 as against 2.19 percent in FY24. The PAT margin stood at 3.50 percent in FY25 against 4.75 percent in FY24. Acuité believes, the sustenance of operating margins while consistently increasing its scale will remain a key monitorable.

Healthy Financial Risk Profile

The financial risk profile of the company remained healthy marked by high net worth, below unity gearing and comfortable debt protection metrics. The tangible net worth stood high at Rs. 735.65 Cr. in FY25 and Rs. 811.24 Cr. in FY24. The total debt of the company stood at Rs. 70.10 Cr. in FY25 as against Rs. 82.06 Cr. in FY24. The total debt of FY25 comprises of Rs. 37.49 Cr. of long-term debt and Rs. 32.61 Cr. of short-term debt. The gearing of the company stood similar at 0.10 in FY25 and FY24. The TOL/TNW stood at 0.80 times in FY25 as compared to 1.20 times in FY24. The debt protection metrics improved with debt service coverage ratio (DSCR) rising to 4.40 times in FY25 from 3.97 times in FY24. and interest coverage ratio (ICR) improving to 9.17 times in FY25 against 7.13 times in FY24. Going forward, the company's financial risk profile is expected to further improve due to its sustainable growth in order book.

Comfortable working capital operations

The company's working capital is comfortable, marked by improvement in gross current assets (GCA) days from 86 days for FY25 compared to 169 days in FY24. This improvement was driven by reduction in receivable days to 63 days for FY25 as compared to 113 days for FY24. The inventory levels of the company remained stable at 13 days in FY25 and 14 days in FY24. The creditor days also improved from 66 days for FY25 as against 158 days for FY24. The Company has an average fund based working capital utilization of ~ 41 percent and non-fund-based utilization of ~38 percent in the last 12 months ended June 2025. Acuité believes that the working capital requirement is likely to remain at similar levels in the near to medium term.

Weaknesses

Exposure to Intense Competition within a Fragmented Industry and risk inherent to government tenders

MIL operates in a highly fragmented and competitive textile industry, which limits pricing flexibility and puts pressure on profitability margins. Furthermore, a significant portion of MIL's revenue is derived from government

tenders, exposing the company to risks associated with changes in government spending, shifting policy priorities, or political instability. However, participation in tenders backed by budgetary allocations provides risk mitigation to certain extent. Any decline in government procurement or delays in tendering processes could materially impact the company's revenue visibility and growth prospects.

Rating Sensitivities

- Sustained improvement in operating income and profitability
- Elongation of working capital cycle thereby impacting liquidity
- Changes in financial risk profile

Liquidity Position

Strong

The liquidity position of the company remained strong on account of strong net cash accruals against matured debt obligations. The net cash accruals of the company stood at Rs. 113.17 Cr. against matured debt obligations of Rs. 17.28 Cr. in FY25. Further, the company is expected to generate sufficient net cash accruals against its repayment debt obligations. The Company has an average fund based working capital utilization of ~ 41 percent in the last 12 months ended June 2025, providing significant cushion of undrawn limits. The company maintains an unencumbered cash balance of Rs. 51.17 Cr. as on 31st March 2025. The Company holds 2.52 Cr shares (15.13 percent having current market value of Rs. 470 Cr.) of NOCIL Ltd, with pledge of only 0.47 Cr shares, providing the flexibility of monetizing, if required. However, this will remain susceptible to market fluctuations. Acuité believes that going forward the company is likely to maintain adequate liquidity position on account of steady accruals.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	2807.23	2078.41
PAT	Rs. Cr.	98.14	98.75
PAT Margin	(%)	3.50	4.75
Total Debt/Tangible Net Worth	Times	0.10	0.10
PBDIT/Interest	Times	9.17	7.13

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>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.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. Acuite'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
21 Jun 2024	Letter of Credit	Short Term	2.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Bank Guarantee (BLR)	Short Term	95.00	ACUITE A2 (Assigned)
	Bank Guarantee (BLR)	Short Term	40.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Letter of Credit	Short Term	14.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Proposed Long Term Bank Facility	Long Term	27.70	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Cash Credit	Long Term	25.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Term Loan	Long Term	6.90	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Cash Credit	Long Term	8.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Secured Overdraft	Long Term	22.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Secured Overdraft	Long Term	38.56	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Secured Overdraft	Long Term	6.44	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	20.00	ACUITE BBB+ Stable (Assigned)
	Term Loan	Long Term	11.84	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Term Loan	Long Term	5.56	ACUITE BBB+ Stable (Assigned)
14 Apr 2023	Letter of Credit	Short Term	2.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	40.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Letter of Credit	Short Term	17.50	ACUITE A3+ (Upgraded from ACUITE A3)
	Cash Credit	Long Term	8.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Positive)
	Cash Credit	Long Term	25.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Positive)
	Term Loan	Long Term	15.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Positive)
	Term Loan	Long Term	3.72	ACUITE BBB Stable (Upgraded from ACUITE BBB- Positive)
	Term Loan	Long Term	11.84	ACUITE BBB Stable (Upgraded from ACUITE BBB- Positive)
	Proposed Long Term Bank Facility	Long Term	7.10	ACUITE BBB Stable (Upgraded from ACUITE BBB- Positive)
	Term Loan	Long Term	11.84	ACUITE BBB Stable (Upgraded from ACUITE BBB- Positive)
	Secured Overdraft	Long Term	22.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Positive)
	Secured Overdraft	Long Term	22.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Positive)
	Working Capital Demand Loan (WCDL)	Long Term	10.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Positive)
	Letter of Credit	Short Term	2.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	40.00	ACUITE A3 (Reaffirmed)

26 Sep 2022	Letter of Credit	Short Term	17.50	ACUITE A3 (Reaffirmed)
	Term Loan	Long Term	1.28	ACUITE BBB- (Reaffirmed & Withdrawn)
	Term Loan	Long Term	5.41	ACUITE BBB- (Reaffirmed & Withdrawn)
	Secured Overdraft	Long Term	22.00	ACUITE BBB- Positive (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	10.00	ACUITE BBB- Positive (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BBB- Positive (Reaffirmed)
	Cash Credit	Long Term	25.00	ACUITE BBB- Positive (Reaffirmed)
	Term Loan	Long Term	15.00	ACUITE BBB- Positive (Reaffirmed)
	Term Loan	Long Term	4.96	ACUITE BBB- Positive (Reaffirmed)
	Term Loan	Long Term	13.42	ACUITE BBB- Positive (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	2.70	ACUITE BBB- Positive (Reaffirmed)
	Term Loan	Long Term	13.42	ACUITE BBB- Positive (Reaffirmed)
	Secured Overdraft	Long Term	22.00	ACUITE BBB- Positive (Reaffirmed)
17 Jun 2022	Letter of Credit	Short Term	2.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	20.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	62.00	ACUITE BBB- Positive (Reaffirmed)
	Cash Credit	Long Term	25.00	ACUITE BBB- Positive (Reaffirmed)
	Term Loan	Long Term	15.00	ACUITE BBB- Positive (Reaffirmed)
	Term Loan	Long Term	1.28	ACUITE BBB- Positive (Reaffirmed)
	Term Loan	Long Term	7.07	ACUITE BBB- Positive (Reaffirmed)
	Term Loan	Long Term	5.41	ACUITE BBB- Positive (Reaffirmed)
	Term Loan	Long Term	17.50	ACUITE BBB- Positive (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	23.24	ACUITE BBB- Positive (Reaffirmed)
	Term Loan	Long Term	17.50	ACUITE BBB- Positive (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	135.00	Simple	ACUITE A2+ Upgraded (from ACUITE A2)
CSB Bank Limited	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A2+ Upgraded (from ACUITE A2)
CSB Bank Limited	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A2+ Upgraded (from ACUITE A2)
Kotak Mahindra Bank	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE A2+ Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A- Stable Upgraded (from ACUITE BBB+)
SVC Co-Op Bank Limited	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A2+ Upgraded (from ACUITE A2)
Deutsche Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A2+ Upgraded (from ACUITE A2)
Kotak Mahindra Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A2+ Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.70	Simple	ACUITE A- Stable Upgraded (from ACUITE BBB+)
Deutsche Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A- Stable Upgraded (from ACUITE BBB+)
Janta Sahakari Bank Ltd.	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	22.00	Simple	ACUITE A- Stable Upgraded (from ACUITE BBB+)
SVC Co-Op Bank Limited	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	45.00	Simple	ACUITE A- Stable Upgraded (from ACUITE BBB+)
Kotak Mahindra Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A- Stable Assigned
CSB Bank Limited	Not avl. / Not appl.	Short-term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A2+ Upgraded (from ACUITE A2)
Janta Sahakari Bank Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Mar 2031	17.41	Simple	ACUITE A- Stable Upgraded (from ACUITE BBB+)
Janta Sahakari Bank Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Mar 2026	6.22	Simple	ACUITE A- Stable Upgraded (from ACUITE BBB+)
Janta Sahakari Bank Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Jan 2030	10.52	Simple	ACUITE A- Stable Upgraded (from ACUITE BBB+)
SVC Co-Op Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Apr 2031	7.15	Simple	ACUITE A- Stable Upgraded (from ACUITE BBB+)
Janta Sahakari Bank Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Jan 2030	4.00	Simple	ACUITE A- Stable Assigned

Shinhan Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A- Stable Assigned
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