

August 01, 2025

GTN Engineering India Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term – Fund-based	208.00	208.00	[ICRA]A- (Stable)/ [ICRA]A2+; reaffirmed
Long-term – Fund-based – Term loans	3.68	0.00	-
Short-term – Non-fund based – Others	6.00	7.60	[ICRA]A2+; reaffirmed and assigned for enhanced amount
Long-term/Short-term – Fund-based/Non fund based – Others	0.00	10.00	[ICRA]A- (Stable)/ [ICRA]A2+; assigned
Total	217.68	225.60	

*Instrument details are provided in Annexure I

Rationale

For arriving at the ratings of GTN Engineering India Limited (GEIL), ICRA has consolidated the financials of GEIL and its Group company, GTN Industries Ltd (referred to as the GTN Group/Group).

The ratings reaffirmation of the GTN Group primarily considers its established operational track record in the engineering and textile businesses, spanning more than three decades. In the engineering division, the Group has established relationships with Technip FMC for supplying API valve bodies, GV assembly, clad valves, etc. for the past 25 years. In FY2025, the performance of the engineering division remained healthy with an annual revenue growth of around 27%. The agreement with Technip FMC was last renewed on April 1, 2023, for the next 10 years, which provides revenue visibility. The performance of the textile business, however, remained subdued amid higher cotton prices and weak demand conditions. Although the spread between yarn prices and cotton prices remains subdued at present, the same is expected to improve, given the recent softening of cotton prices. Besides, demand for yarn is likely to gain traction from the healthy prospects in domestic market, especially with strong offtake from downstream segments like apparels. The engineering division's solid order book is expected to contribute to higher revenue and increased operating margin, which is likely to offset the subdued performance of the textile division to an extent. With an increase in the operating margin, the debt protection metrics also improved in FY2025 and are expected to improve further in FY2026. The liquidity position remains adequate with cash and liquid investment of around Rs. 72 crore as on March 31, 2025, and sufficient buffer available in the sanctioned working capital limits on a consolidated basis.

The ratings continue to reflect the current high reliance on a single client in the engineering division, Technip FMC, which contributed around 50% of the total revenues in FY2025. Nevertheless, the established relationship and long-term agreement with the client provides operational stability and supports top line growth. The company is also making efforts to diversify the customer base in the engineering division by foraying into precision engineering. However, given the long-drawn approval process and the slow ramp-up of new orders, these efforts are likely to translate into a meaningful order book only over the medium-to-long term. The ratings are also constrained by the high working capital intensity, with NWC/OI of around 32% due to high inventory level to factor in the lead time for imported bought-out components for the engineering division and 60-90 days of credit extended to Technip FMC. Further, the group's earnings remain exposed to the volatility in raw material prices and foreign exchange rate fluctuations, which can impact the company's contribution level.

The Stable outlook on the long-term rating reflects ICRA's opinion that GEIL will continue to benefit from strong orders from Technip FMC, and it will be able to maintain its business position while sustaining the profitability level.

Key rating drivers and their description

Credit strengths

Improved performance of engineering division – The performance of the engineering division improved on the back of increased order inflow, which contributed majorly towards the entity's profitability in FY2025. The division reported a healthy YoY revenue growth of around 27% at Rs. 508.1 crore in FY2025 and is estimated to remain around similar level in FY2026. The engineering division has been the primary revenue and margin driver in FY2025, which is expected to perform well in FY2026 as well with a strong established relationship with its major customers. At the request of its customer TechnipFMC, the Group has customised the existing valves by adding cladding, thereby preventing corrosion caused by aggressive fluids. These products are highly value accretive and would lead to margin expansion, going forward. Selling price of the existing valves has also been increased, which would also have a positive impact on the company's operating margin.

Established relationship with Technip FMC – GEIL has an established relationship with TechnipFMC for supplying API valve bodies, GV assembly, clad bodies, etc. under a long-term manufacturing agreement (valid till March 2033), providing revenue visibility over the long term. The valves and other products supplied by GEIL are vital for oil/ gas exploration and any defect can lead to production loss. Thus, the company's products go through stringent testing and approval, which is a time-consuming process. The long acceptance period for the products acts as a deterrent for new players to enter the industry.

Extensive experience of promoters – The promoters have extensive experience, and the company has an established track record in the engineering and textile businesses spanning over three decades. Over the period, the GTN Group has developed established relationships with reputed customers in the domestic and export markets, entailing repeat businesses.

Credit challenges

Weak performance in textile division impacting overall business profile – The company's earnings from the textile division remained subdued in FY2025 with a decline in revenue to Rs. 485.0 crore from Rs. 524.4 crore in FY2024. The sombre performance over the past two fiscals can be primarily attributed to higher cotton prices and weak demand, impacting the company's overall business profile. Although the spread between yarn prices and cotton prices remains subdued at present, the same is expected to improve, given the recent softening of cotton prices. Besides, yarn demand is likely to gain traction from the healthy prospects in domestic market, especially with strong offtake from downstream segments like apparels.

Increase in the operating margin in FY2025, led to an improvement in the debt protection metrics, as witnessed in the rise in the interest coverage to 5.4 times and debt/OPBDITA to 1.7 times in FY2025 from 3.1 times and 2.9 times, respectively, in FY2024. ICRA expects the debt protection metrics to improve further in FY2026, with the likely increase in operating profits and the expected improvement in the performance of the textile division.

High working capital intensity – The Group has a high working capital intensity, with NWC/OI of around 32% in FY2025 on a consolidated basis. This is attributed to elevated inventory maintaining requirements to factor in the lead time for imported components for the engineering division and high cotton inventory level at year ends.

Exposure to foreign currency and raw material price fluctuations – The company is exposed to foreign currency exchange fluctuations as it undertakes both exports and imports. Further, cotton constitutes the major portion of total production costs in the textile division. Thus, it remains exposed to fluctuation in cotton prices owing to various agro-climatic reasons and Government policies (through minimum support price).

Liquidity position: Adequate

The company's liquidity position remains adequate with cash flow from operations at around Rs. 70 crore in FY2025. ICRA expects the cash flow from operations to witness a gradual improvement, going forward. The Group's free cash and liquid investment stood at around Rs. 72 crore on a consolidated basis as of March 2025 and a comfortable cushion available in the

sanctioned working capital limits. There are no term loan repayment obligations and the cash outflow for capex remains limited, which would be funded through internal accruals.

Rating sensitivities

Positive factors – ICRA could upgrade GEIL’s ratings if there is a sustained improvement in its scale and profitability, going forward. Efficient management of working capital, strengthening its liquidity position, could also lead to a positive rating action.

Negative factors – Pressure on GEIL’s ratings could arise if revenues and profitability decline significantly. Moreover, a stretch in the working capital cycle or any major debt-funded capex, weakening its liquidity position, could be a negative rating trigger. Interest coverage lower than 4.0 times on a sustained basis may also prompt ratings downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles - Spinning
Parent/Group support	None
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of GTN Engineering India Limited and its Group company, GTN Industries Ltd. Details are given in Annexure-II .

About the company

GTN Engineering India Limited (erstwhile GTN Exports Ltd, renamed in March 2008) was incorporated in 1990 and is promoted by Mr. M. K. Patodia and family members, who also have an established presence in the textile business through GTN Industries Limited (rated, [ICRA]BBB-(Stable)/[ICRA]A3).

In FY2013, some textile units of the GTN Group were amalgamated with GEIL. The operations now include the engineering (42% revenue contribution in FY2024) and textile divisions (58% revenue contribution in FY2023). The textile division comprises two spinning units (with a capacity of 86,192 spindles cotton yarn) and a garment manufacturing unit (with a capacity of 12 lakh garments and 54 lakh pairs of socks per year at Imperial Garments).

Key financial indicators (audited)

GTN Group	Standalone (GEIL)		Consolidated (GEIL+GTN)	
	FY2024	FY2025*	FY2024	FY2025*
Operating income	957.0	1024.3	1122.6	1185.6
PAT	48.0	57.1	41.6	52.5
OPBDIT/OI	10.2%	11.9%	8.5%	10.5%
PAT/OI	5.0%	5.6%	3.7%	4.4%
Total outside liabilities/Tangible net worth (times)	0.7	0.5	0.7	0.5
Total debt/OPBDIT (times)	2.2	1.2	2.7	1.5
Interest coverage (times)	3.5	6.6	3.1	5.4

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA’s calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Aug 01, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based Cash Credit	Long term	-	-	-	-	Sep 01, 2023	[ICRA]A-(Stable)	Nov 15, 2022	[ICRA]A-(Stable)
						Apr 24, 2023	[ICRA]A-(Stable)	Oct 28, 2022	[ICRA]A-(Stable)
Fund-based	Long-term/Short-term	208.00	[ICRA]A-(Stable) / [ICRA]A2+	Dec 11, 2024	[ICRA]A-(Stable) / [ICRA]A2+	-	-	-	-
Fund-based term loan	Long term	-	-	Dec 11, 2024	[ICRA]A-(Stable)	Sep 01, 2023	[ICRA]A-(Stable)	Nov 15, 2022	[ICRA]A-(Stable)
						Apr 24, 2023	[ICRA]A-(Stable)	Oct 28, 2022	[ICRA]A-(Stable)
Fund-based CC	Short term	-	-	-	-	Apr 24, 2023	[ICRA]A2+	Nov 15, 2022	[ICRA]A2+
								Oct 28, 2022	[ICRA]A2+
Non-fund-based Others	Short term	7.60	[ICRA]A2+	Dec 11, 2024	[ICRA]A2+	Sep 01, 2023	[ICRA]A2+	Nov 15, 2022	[ICRA]A2+
						Apr 24, 2023	[ICRA]A2+	Oct 28, 2022	[ICRA]A2+
Unallocated	Long term	-	-	-	-	Apr 24, 2023	[ICRA]A-(Stable)	Nov 15, 2022	[ICRA]A-(Stable)
								Oct 28, 2022	[ICRA]A-(Stable)
Fund-based/Non fund based – Others	Long-term/Short-term	10.00	[ICRA]A-(Stable) / [ICRA]A2+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term – Fund-based	Simple
Short-term – Non-fund based – Others	Very Simple
Long-term/Short-term – Fund-based/Non fund based – Others	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term/Short-term – Fund-based	NA	NA	NA	208.00	[ICRA]A- (Stable)/ [ICRA]A2+
NA	Short-term – Non-fund based – Others	NA	NA	NA	7.60	[ICRA]A2+
NA	Long-term/Short-term – Fund-based/Non fund based – Others	NA	NA	NA	10.00	[ICRA]A- (Stable)/ [ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
GTN Industries Limited	49.51%	Full Consolidation

Source: Company

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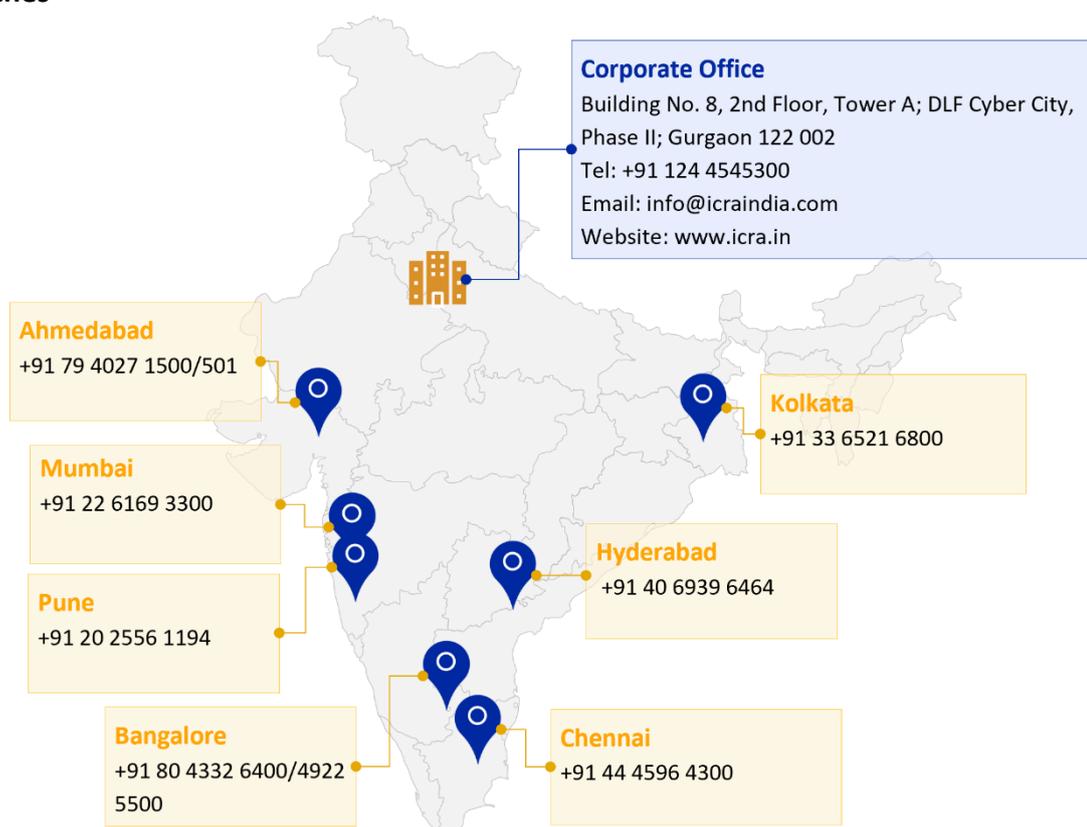
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