November 14, 2025

Guarniflon India Private Limited: Ratings reaffirmed

Summary of rating action

Instrument^	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short term – Fund based – Pre-shipment export credit	16.53	16.53	[ICRA]A3; reaffirmed
Long term – Fund based – Cash credit (Interchangeable limits)	(16.53)	(16.53)	[ICRA]BBB- (Stable); reaffirmed
Short term – Fund based – Post-shipment credit (Interchangeable limits)	(16.53)	(16.53)	[ICRA]A3; reaffirmed
Long term – Fund based - Term loans	10.58	10.58	[ICRA]BBB- (Stable); reaffirmed
Total	**27.11**	**27.11**	

^Instrument details are provided in Annexure I

Rationale

The ratings for the bank lines of Guarniflon India Private Limited (GIPL) continue to draw comfort from the parentage of the promoter Group, the Mazza Holding Group (MHG, erstwhile known as the Guarniflon Group), and its extensive experience in manufacturing polytetrafluoroethylene (PTFE) products for over three decades. The Group has extended support in terms of technical and financial assistance and sales offtake to GIPL. The ratings also factor in the company's comfortable capital structure owing to its adequate net worth base, supported by multiple rounds of equity infusion by the parent company in the last few years.

There have been ongoing discussions within the European Union regarding potential restrictions on the use of PTFE products, given the concerns about their toxicity and adverse impact on human health. These measures are still at the discussion stage, and no formal restrictions have been implemented yet. While GIPL's performance improved in FY2025 over FY2024, it remained subdued, primarily driven by weak demand and geopolitical challenges. This trend continued into the first half of FY2026, with limited offtake from European customers following the advance order booking in FY2025.

Going forward, the revenue and profitability could be further impacted by the imposition of an additional 50% tariff on US sales — a segment that has historically accounted for 10–15% of the company's total turnover. Despite these headwinds, the credit metrics remained stable in FY2025, with an interest coverage ratio of 4.57 times and total debt-to-OPBDITA at 2.12 times.

GIPL is in the midst of setting up capacity to cater specifically to the domestic market and also plans to undertake further capex for a related product line for a prospective European customer. The capex is expected to increase the debt levels that could in turn moderate the coverage metrics if the profitability remains subdued. ICRA will monitor the total addition to the debt levels and the ramp-up of new capacity.

The ratings, however, are constrained by the company's moderate scale of operations and the high working capital intensity of operations due to the elongated receivable cycle and elevated inventory holding levels. The ratings also take into account the vulnerability of GIPL's profitability to the volatility in raw material prices and foreign exchange rates. Moreover, GIPL has limited product penetration in the domestic market, and its dependence on Group entities remains high as GIPL has been specifically set up to meet the Group's PTFE product requirements.

ICRA also notes that the European Union has been planning to restrict or ban the use of perfluorinated and polyfluoroalkyl substances (PFASs), including PTFE, in the future. This has been impacting the company's sales since February 2023, resulting in a decline of the sales volumes in FY2024. The decline was owing to uncertainty regarding the product use arising out of the sudden regulation/news of restriction on the use. Thereafter, the Union left the decision on individual countries, and the orders started to flow in again Q4 FY2024 onwards. While replacing PTFE remains a challenge due to the lack of approved alternatives, ICRA will continue to monitor the developments in this regard and the imposition of any such ban will remain a key monitorable.

The Stable outlook reflects ICRA's opinion that GIPL's revenue and accruals will be supported by its order book along with expectations of a healthy order inflow in the medium term. Also, support is expected from the parent company in case of any exigencies.

Key rating drivers and their description

Credit strengths

Support from parent Mazza Holdings – Guarniflon S.P.A., the parent entity of GIPL, has consistently extended strategic and operational support since the company's inception in 2006. This assistance includes plant and machinery set-up, raw material supply, and technical expertise for manufacturing processes. In case of financial exigencies, the parent group is expected to provide backing through equity infusion, unsecured loans or external commercial borrowings (ECBs). Additionally, the liquidity support may be facilitated via advance payments or shortened credit periods, given that 80-85% of GIPL's sales are to group companies.

Experience of promoter Group in manufacturing PTFE products – GIPL is a step-down subsidiary of Guarniflon S.P.A. (Italy), a family-owned enterprise established in 1982 by Mr. G. Mazza for PTFE product manufacturing. Both entities operate under the MHG umbrella, which has over three decades of experience in producing a wide range of PTFE products. MHG ranks among the leading global manufacturers with a strong presence across Europe, the United States and India.

Comfortable capital structure and credit metrics – The company's total debt as on March 31, 2025, was Rs. 25.90 crore, which comprised term loans of Rs. 7.60 crore, unsecured loans of Rs. 5.89 crore from the parent and working capital borrowings of Rs. 12.41 crore. GIPL's capital structure remained comfortable with a gearing of 0.27 times as on March 31, 2025, due to its adequate net worth base. GIPL's debt coverage indicators improved compared to last year but remained weaker than the previous years owing to reduced operating profit, reflected in interest coverage of 4.57 times, TD/OPBDITA of 2.12 times and NCA/TD of 39% as on March 31, 2025.

Credit challenges

Moderate scale of operations – GIPL's operational scale has remained moderate. In FY2025, the company's operating income and profitability improved compared to the decline in FY2024. Although there was a year-on-year recovery, the overall performance continued to be modest in absolute terms. The softness persisted in H1 FY2026, driven by subdued demand and geopolitical challenges. Further, the outlook remains constrained by anticipated pressure from US tariffs, with the US market contributing 10-15% of the total revenues. European order inflows have also slowed as customers had accumulated inventory during FY2025.

High working capital intensity of operations – The company's working capital intensity has continued to be high due to its elevated inventory holding period and elongated debtor levels. The Group companies, which contribute to over 80-85% of the receivable outstanding, release the payments only when demanded by GIPL's management.

The company's inventory levels generally remain on the higher side (178 days as on March 31, 2025 and 215 days as on March, 2024), given the high lead time of around two months in importing PTFE powder and the long manufacturing cycle. GIPL procured raw materials from Russia in bulk to avail discounts and, therefore, the inventory was elevated as of March-end and is expected to remain high.

Profitability vulnerable to volatility in raw material prices and forex rates – PTFE prices primarily depend on the demand and supply metrics which affect the company's realisations. Given the elevated inventory levels, the company's operating profitability remains exposed to the adverse movements in the prices of PTFE powder that cannot be adequately passed on to the customers. The company derives 80-90% of its sales from exports, exposing it to foreign exchange risks in the absence of any firm hedging policy. However, sizeable imports, which account for ~99% of its total purchases, provide a natural hedge to an extent.

Liquidity position: Adequate

GIPL's liquidity is adequate with positive fund flow from operations in FY2025. As on March 31, 2025, it had a total free cash and bank balance of ~Rs. 1.31 crore. The company also has a healthy cushion in working capital limits. These are likely to keep the liquidity comfortable despite the planned capex.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a significant increase in the scale of operations along with a healthy profit margin and improvement in liquidity position.

Negative factors – The ratings could be downgraded if the credit profile of the parent deteriorates, or if the sales and profitability declines. The ratings could also be downgraded if a sizeable debt-funded capex moderates the debt coverage indicators and weakens the liquidity.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Parent/Group: Mazza Holding The ratings factor in the consistent track record of financial and operational support provided by the parent group to GIPL, as and when required
Consolidation/Standalone	Standalone

About the company

GIPL, incorporated in 2006, is a fully-owned step-down subsidiary of Guarniflon S.P.A., which is a family-owned Italian company formed by Mr. G. Mazza in 1982. Both are parts of the Mazza Holding Group, which primarily manufactures various polytetrafluoroethylene (PTFE) products.

GIPL manufactures semi-finished PTFE extruded sheets, tapes, films, rods and tubes. The company has been set up in India to manufacture semi-finished PTFE products at a lower cost. These products find application as washers, gaskets, seals as well as in infrastructure projects such as bridges, machinery, insulation, piston rings, etc.

The products can withstand high pressure, temperatures of 250-degree Celsius, heavy weight, and hence are preferred over their plastic, rubber and metal counterparts. Its manufacturing facility is at Silvassa, Dadra and Nagar Haveli, with an installed production capacity of 2,000 metric tonnes per annum (MTPA). GIPL supplies semi-finished products to the parent and acts as a backward integration facility.

Key financial indicators (Audited)

	FY2024	FY2025
Operating income	79.78	102.42
PAT	0.86	5.09
OPBDIT/OI	10.24%	11.95%
PAT/OI	1.08%	4.97%
Total outside liabilities/Tangible net worth (times)	0.42	0.38
Total debt/OPBDIT (times)	3.87	2.12
Interest coverage (times)	3.31	4.57

Source: Company, ICRA Research; 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

Instrument	Current year (FY2026)			Chronology of rating history for the past 3 years							
	Type	Amount rated (Rs. crore)	Nov 14, 2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based pre-shipment export credit	Short term	16.53	[ICRA]A3	-	-	Sep 10, 2024	[ICRA]A3	Jul 13, 2023	[ICRA]A3	May 05, 2022	[ICRA]A3
				-	-	-	-	-	-	Aug 26, 2022	[ICRA]A3
Interchangeable limits (fund based cash credit)	Long term	(16.53)	[ICRA]BBB-(Stable)	-	-	Sep 10, 2024	[ICRA]BBB-(Stable)	Jul 13, 2023	[ICRA]BBB-(Stable)	May 05, 2022	[ICRA]BBB-(Stable)
				-	-	-	-	-	-	Aug 26, 2022	[ICRA]BBB-(Stable)
Interchangeable limits (fund based post-shipment credit)	Short term	(16.53)	[ICRA]A3	-	-	Sep 10, 2024	[ICRA]A3	Jul 13, 2023	[ICRA]A3	May 05, 2022	[ICRA]A3
				-	-	-	-	-	-	Aug 26, 2022	[ICRA]A3
Fund based - Term loans	Long term	10.58	[ICRA]BBB-(Stable)	-	-	Sep 10, 2024	[ICRA]BBB-(Stable)	Jul 13, 2023	[ICRA]BBB-(Stable)	May 05, 2022	[ICRA]BBB-(Stable)
				-	-	-	-	-	-	Aug 26, 2022	[ICRA]BBB-(Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Short term – Fund based – Pre-shipment export credit	Simple
Long term – Fund based – Cash credit (Interchangeable limits)	Simple
Short term – Fund based – Post-shipment Credit (Interchangeable limits)	Simple
Long term – Fund based - Term loans	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	Fund based pre-shipment export credit	NA	NA	NA	16.53	[ICRA]A3
NA	Interchangeable limits (fund based cash credit)	NA	NA	NA	(16.53)*	[ICRA]BBB- (Stable)
NA	Interchangeable limits (fund based post shipment credit)	NA	NA	NA	(16.53)*	[ICRA]A3
NA	Term loans	Nov 2019	11.00%	Dec 2028	10.58	[ICRA]BBB- (Stable)

*Source: Company; *sublimit of Rs. 16.53 crore of pre-shipment credit*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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