

March 19, 2026

GTN Engineering India Limited: Ratings reaffirmed

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
Short-term – Non-fund based – Others	7.60	7.60	[ICRA]A2+; reaffirmed
Long-term/Short-term – Fund-based/Non-fund based – Others	10.00	10.00	[ICRA]A- (Stable)/ [ICRA]A2+; reaffirmed
Total	225.60	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 Limited (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 an established relation with TechnipFMC for supplying API valve bodies, GV assembly, clad valves, etc. for over two decades. In 9M FY2026, the performance of the engineering division remained healthy and registered a YoY revenue growth of around 10%. The agreement with TechnipFMC 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 weak demand conditions, leading to moderation in realisations. Although the spread between yarn prices and cotton prices remains subdued at present, it may see some improvement, given the recent softening of cotton prices. Besides, demand for yarn is likely to gain traction from the healthy prospects in the domestic market, especially with a likely improvement in offtake from downstream segments such as apparels. The stable order flow in the engineering division is expected to support revenues and operating profitability, which is likely to partially offset the subdued performance of the textile division. The Group's financial profile remains comfortable, as reflected by its conservative capital structure and adequate coverage indicators. The operating margin of the Group has remained comfortable over the years and improved by nearly 100 bps to 9.6% in FY2025. ICRA expects the OPM to remain at a similar level in the current year as well. The liquidity position remains adequate, with cash and liquid investments of around Rs. 118 crore as on March 31, 2025, and a sufficient buffer available in the sanctioned working capital limits on a consolidated basis.

ICRA notes that TechnipFMC, the largest customer for the Group's engineering division, contributed around 43% to the total revenues in FY2025 as well as in 9M FY2026 on a consolidated basis. Nevertheless, the established relationship and long-term agreement with the client provide operational stability and support top-line growth. The Group is also making efforts to diversify the customer base in the engineering division by foraying into precision engineering. However, given the long 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 net working capital over operating income (NWC/OI) of around 34% in FY2025. This was primarily due to high inventory levels to factor in the lead time for imported bought-out components for the engineering division, elevated cotton inventory levels at year-end and 60-90 days of credit extended to TechnipFMC. Further, the Group's earnings remain exposed to volatility in raw material prices and foreign exchange rate fluctuations, which can impact the company's contribution levels.

The Stable outlook on the long-term rating reflects ICRA's opinion that the GTN Group will continue to benefit from strong orders from TechnipFMC. The Group is also expected to maintain its business position while sustaining its profitability levels.

Key rating drivers and their description

Credit strengths

Sustained strong performance of the engineering division supports the overall business profile – The performance of the engineering division improved on the back of increased order inflow, which contributed majorly towards the entity's profitability in FY2025 and 9M FY2026. The division reported a healthy YoY revenue growth of around 27% at Rs. 508.1 crore in FY2025. In 9M FY2026, the division reported a YoY growth of around 10% at Rs. 393 crore. However, ICRA expects the full-year revenue in FY2026 from the engineering division to remain at a level comparable to FY2025. The engineering division has been the primary revenue and margin driver in 9M FY2026, similar to previous years. It is expected to perform well in FY2026 as well, supported by its strong relationship with 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 are expected to lead to margin expansion going forward. The selling price of the existing valves has also been increased, which would have a positive impact on the company's operating margin.

Comfortable financial profile – The Group's financial profile remains comfortable, as reflected by its conservative capital structure and adequate coverage indicators. The operating margin has remained comfortable over the years and improved by nearly 100 bps to 9.6% in FY2025. ICRA expects the OPM to remain at a comparable level in the current year as well. Improvement in the operating margin in FY2025 led to a strengthening of the Group's debt protection metrics. Interest coverage and total debt/OPBDITA improved to 5.0 times and 2.0 times, respectively, in FY2025 from 3.0 times and 2.6 times, respectively, in FY2024. ICRA expects the debt protection metrics to improve further in FY2026. The Group's liquidity position is comfortable, with sizeable free cash and liquid investments of around Rs. 118 crore as on March 31, 2025. A sufficient buffer is also available in the sanctioned working capital limits on a consolidated basis. Going forward, the Group's credit profile is expected to remain comfortable due to the absence of major debt-funded expansion plans and the availability of healthy cash reserves.

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 years, the GTN Group has developed established relationships with reputed customers in the domestic and export markets, resulting in repeat business.

Credit challenges

High customer concentration in its engineering division; however, established relationship provides comfort – TechnipFMC, the largest customer for the Group's engineering division, contributed around 43% to the total revenues in FY2025. It is expected to remain at similar levels in FY2026 on a consolidated basis. Nonetheless, the established relationship with TechnipFMC for supplying API valve bodies, GV assembly, clad bodies, etc. under a long-term manufacturing agreement (valid till March 2033), provides 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 processes, which are time-consuming. The long acceptance period for these products acts as a deterrent for new players entering the industry.

Weak performance in textile division impacting overall business profile – The Group's earnings from the textile division remained subdued in FY2025 with a YoY decline of around 7% in revenues to Rs. 516.2 crore from Rs. 555.6 crore in FY2024. The weak performance over the past two fiscals can be primarily attributed to higher cotton prices and sluggish demand, which impacted the company's overall business profile. Although the spread between yarn and cotton prices remains subdued at present, it may improve, given the recent softening of cotton prices. In 9M FY2026, the textile division registered a growth of around 5% to Rs. 390 crore from Rs. 370 crore in 9M FY2025. It is expected to post similar revenues in FY2026. Besides, demand for yarn is likely to gain traction from healthy prospects in the domestic market, especially with a likely improvement in offtake from downstream segments such as apparels.

High working capital intensity – The Group has high working capital intensity, with NWC/OI of around 34% in FY2025 on a consolidated basis. This is attributed to elevated inventory requirements to factor in the lead time for imported bought-out components for the engineering division, high cotton inventory levels at year-end and 60-90 days of credit extended to TechnipFMC.

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 a major portion of the total production costs in the textile division. Thus, it remains exposed to fluctuations in cotton prices owing to various agro-climatic factors and Government policies (through minimum support price).

Liquidity position: Adequate

The Group’s liquidity position remains Adequate with cash flow from operations at around Rs. 39 crore in FY2025. ICRA expects the cash flow from operations to witness a significant improvement in FY2026 and gradually improve thereafter. The Group’s free cash and liquid investments stood at around Rs. 118 crore on a consolidated basis as of March 2025, and an adequate cushion is available in the sanctioned working capital limits. There are no term loan repayment obligations, and the Group does not have any major capex planned in the near term.

Rating sensitivities

Positive factors – ICRA could upgrade GEIL’s ratings if there is a sustained improvement in its scale and profitability. Efficient working capital management and strengthening of the 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 Limited. 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. The promoters 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 (50% revenue contribution in FY2025) and textile divisions (50% revenue contribution in FY2025). The textile division comprises two spinning units (with a capacity of 86,192 spindles for cotton yarn) and a garment manufacturing unit (with a capacity of 10 lakh garments and 54 lakh pairs of socks per year at Imperial Garments).

Key financial indicators (audited)

GTN Group	Standalone (GEIL)		Consolidated (GEIL+GTNIL)	
	FY2024	FY2025	FY2024	FY2025
Operating income	957.0	1024.8	1122.6	1185.9
PAT	48.0	53.0	41.6	48.4
OPBDIT/OI	10.2%	11.0%	8.5%	9.6%
PAT/OI	5.0%	5.2%	3.7%	4.1%
Total outside liabilities/Tangible net worth (times)	0.7	0.6	0.7	0.5
Total debt/OPBDIT (times)	2.3	1.8	2.5	1.9
Interest coverage (times)	3.5	6.1	3.0	5.0

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	Type	Current ratings (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Date & rating in FY2026		Date & rating in FY2025	Date & rating in FY2024		Date & rating in FY2023	
			Mar 19, 2026	Aug 01, 2025		Sep 01, 2023	Apr 24, 2023	Nov 15, 2022	Oct 28, 2022
1 Fund-based Cash Credit	Long term	-	-	-	-	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)
2 Fund-based	Long-term/Short-term	208.00	[ICRA]A-(Stable) / [ICRA]A2+	[ICRA]A-(Stable) / [ICRA]A2+	[ICRA]A-(Stable) / [ICRA]A2+	-	-	-	-
3 Fund-based term loan	Long term	-	-	-	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)
4 Fund-based CC	Short term	-	-	-	-	-	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+
5 Non-fund-based Others	Short term	7.60	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+
6 Fund-based/Non fund based - Others	Long-term/Short-term	10.00	[ICRA]A-(Stable) / [ICRA]A2+	[ICRA]A-(Stable) / [ICRA]A2+	-	-	-	-	-
7 Unallocated	Long term	-	-	-	-	-	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)

Complexity level of the rated instruments

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