

June 3, 2026

## R.N. Gupta & Co. Ltd.: Long-term rating upgraded to [ICRA]A+ (Stable); short-term rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based – Cash credit	6.00	6.00	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable)
Short term – Fund-based limits	71.00	71.00	[ICRA]A1; reaffirmed
Short term – Non-fund based limits	22.50	22.50	[ICRA]A1; reaffirmed
<b>Total</b>	<b>99.50</b>	<b>99.50</b>	

\*Instrument details are provided in Annexure II

### Rationale

The rating action reflects the sustained improvement in R.N. Gupta & Co. Ltd.'s (RNG) scale and profitability, along with its healthy financial risk profile, which is characterised by low leverage, strong coverage metrics and sufficient liquidity. The rating upgrade is supported by favourable export growth prospects, reflected in the company's strong revenue expansion of ~35% to Rs. 979 crore in FY2026 (provisional). This was driven largely by higher realisations, following the increase in United States (US) steel tariffs to 50% from 25%, with operating margins of 11.8%. RNG has demonstrated its ability to pass on tariff increases to its customers, which has supported its profitability despite high trade barriers. The liquidity profile is backed by healthy cash accruals, which surpassed Rs. 100 crore in FY2026. The capital structure remained comfortable and credit metrics continued to be healthy, with Total debt/OPBITDA at 0.5 times, interest coverage at ~22 times and the debt service coverage ratio (DSCR) at 9.6 times, in FY2026 (provisional). These metrics are anticipated to remain comfortable, supported by steady cash generation and limited reliance on external borrowings. Going forward, the company is expected to benefit from the expanded capacity, with FY2027 revenues projected to grow at a double-digit rate, while operating margins are likely to remain stable.

The ratings continue to consider RNG's established position in the steel forging segment and its export-driven scale of operations. The company derives ~85% of its revenues from exports, with ~77% directed to the US, primarily catering to the oil and gas sector, where demand remains stable despite limited end-use visibility due to the intermediary sales model. RNG has a healthy order book, providing revenue visibility over the near term. It operates in the niche segment of industrial forging, supported by its technical capabilities and manufacturing strength. Further, long-standing relationships with key customers, coupled with regular capacity investments and adherence to quality standards, have supported consistent order inflows.

The ratings are, however, constrained by the company's concentration in the oil and gas sector as well as any slowdown in capital expenditure (capex) in this segment, which could impact demand prospects for its products. Moreover, client and geographical concentration risks remain very high, though RNG is gradually diversifying into other markets to partially mitigate the same. In addition, the company's operating margin remains susceptible to price fluctuations in the key raw material, i.e., steel. As revenues are mainly export driven, adverse currency fluctuations could have a bearing on the company's profitability in the absence of an adequate hedging mechanism. Any adverse impact on end-user industry demand and exposure to US trade policies, affecting the sales volume, or a significant impact on margins would remain key monitorable factors.

The Stable outlook on the [ICRA]A+ rating reflects ICRA's opinion that the company will continue to register strong profits and cash accruals over the near term while maintaining a healthy liquidity position.

## Key rating drivers and their description

### Credit strengths

**Healthy financial risk profile, supported by low debt levels** – The company’s financial risk profile remains healthy, supported by controlled leverage and strong internal accruals of over Rs. 100 crore in FY2026. Debt levels remain manageable, providing financial flexibility for meeting capex requirements and debt servicing obligations.

**Comfortable liquidity, aided by strong cash balances and investments** – RNG maintains a comfortable liquidity position, supported by healthy cash accruals, strong free cash balances, and sizeable investments. This provides adequate financial flexibility to meet working capital requirements, capex commitments, and debt servicing obligations.

**Established relationships with clients and favourable export growth prospects** – The company has long-standing relationships with its key customers, particularly in export markets, which account for around 85% of its total revenues, with ~77% derived from the US. These relationships have supported repeat orders, reflected in the pending order book of around Rs. 500 crore, providing near-term revenue visibility. Additionally, RNG is expected to benefit from stable demand in key export markets, supporting growth prospects over the medium term.

**Extensive experience of promoters and established track record in forging industry** – The promoters have significant operating experience in the forging industry, which has supported stable business operations and execution capabilities over multiple industry cycles. This has also helped in maintaining customer relationships and navigating demand and cost fluctuations.

### Credit challenges

**Exposed to regulatory and trade-related risks** – Given its high export orientation, with around 85% of revenues from overseas markets, the company remains exposed to changes in trade policies, including US steel tariffs, which currently stand at 50%. While such increases have historically been passed on to customers through pricing, they remain a key monitorable.

**Operations susceptible to slowdown in capex of end-user industries** – Demand for the company’s products is linked to capex trends in end-user industries, particularly oil and gas. Any slowdown in capex activity could impact order inflows and utilisation levels.

**Customer and geographical concentration risks** – A significant portion of RNG’s revenues is derived from a limited number of customers and a single geography, which increases vulnerability to adverse developments in these markets. This elevates business risk despite the currently stable demand conditions.

**Profitability exposed to fluctuations in steel prices and unfavourable forex movements** – Profitability remains exposed to volatility in steel prices as well as foreign exchange (forex) movements, particularly given the largely unhedged forex exposure. While mitigation measures exist and forex gains have been reported in the past, these risks remain inherent to operations.

### Liquidity position: Adequate

The company’s adequate liquidity position is reflected in its healthy cash flow from operations of over Rs. 100 crore in FY2026. This is expected to remain sufficient relative to the scheduled principal repayment obligations of Rs. 9-10 crore each in FY2027 and FY2028 and the low average utilisation of fund-based working capital borrowings. Liquidity continues to be supported by healthy cash and investments of around Rs. 221 crore, including free cash and bank balances of around Rs. 22 crore and encumbered fixed deposits of about Rs. 23 crore as on March 31, 2026. RNG also continues to maintain adequate unutilised fund-based working capital limits, providing additional financial flexibility.

## Rating sensitivities

**Positive factors** – ICRA could upgrade RNG’s ratings if there is a sustained increase in revenue and profitability, resulting in an improvement in the leverage and debt coverage metrics, along with the maintenance of a comfortable liquidity position.

**Negative factors** – Pressure on the ratings could arise in case of a material decline in earnings, leading to the weakening of the coverage metrics, or in the event of any large debt-funded capex or elongation in the working capital cycle, adversely impacting the financial risk profile.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	None
Consolidation/Standalone	Standalone

## About the company

Incorporated in 1948 in Ludhiana and promoted by the Gupta family, RNG is a Punjab-based closely held public limited company. It manufactures forgings, primarily steel forged flanges, mainly used in oil and gas pipelines and for the construction of oil refineries. RNG also makes forgings for automotive parts (mainly tractors) and the Indian Railways (albeit in small quantity). The manufacturing units are in Ludhiana and have a combined capacity (forging + machining) of 60,000 tonnes per annum (enhanced from 45,000 tonnes per annum). The company is ISO-9001:2015 certified as well as PED certified, as per the directive PED 2014/68/EU on pressure equipment, by DNV of the Netherlands. The company exports its products under its own brand name, RNG, to several countries, including the US, Canada, United Kingdom (UK), Germany, Spain, Italy, and Turkey.

## Key financial indicators (audited)

RNG (standalone)	FY2024	FY2025	FY2026*
Operating income	705.0	727.4	979.0
PAT	65.2	61.7	80.9
OPBDITA/OI	10.9%	11.3%	11.8%
PAT/OI	9.2%	8.5%	8.3%
Total outside liabilities/Tangible net worth (times)	0.2	0.3	0.3
Total debt/OPBDITA (times)	0.4	1.2	0.5
Interest coverage (times)	39.7	29.1	22.1

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA’s calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDITA: 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 (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jun 3, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Cash credit	Long term	6.00	[ICRA]A+ (Stable)	Jul 25, 2025	[ICRA]A (Stable)	Jun 07, 2024	[ICRA]A (Stable)	Jun 30, 2023	[ICRA]A (Stable)
				Jun 12, 2025	[ICRA]A (Stable)				
Fund-based limits	Short term	71.00	[ICRA]A1	Jul 25, 2025	[ICRA]A1	Jun 07, 2024	[ICRA]A1	Jun 30, 2023	[ICRA]A1
				Jun 12, 2025	[ICRA]A1				
Non-fund based limits	Short term	22.50	[ICRA]A1	Jul 25, 2025	[ICRA]A1	Jun 07, 2024	[ICRA]A1	Jun 30, 2023	[ICRA]A1
				Jun 12, 2025	[ICRA]A1				

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
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1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based – Cash credit	Simple
Short term – Fund based limits	Simple
Short term – Non-fund based limits	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund based – Cash credit	NA	NA	NA	6.00	[ICRA]A+ (Stable)
NA	Fund-based limits	NA	NA	NA	71.00	[ICRA]A1
NA	Non-fund based limits	NA	NA	NA	22.50	[ICRA]A1

Source: Company

### Annexure III: List of entities considered for consolidated analysis

Not applicable

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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.

For more information, visit [www.icra.in](http://www.icra.in)

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### Branches



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