

## Gillanders Arbuthnot & Co Limited

March 05, 2026

Facilities	Amount (₹ crore)	Ratings <sup>1</sup>	Rating Action
Long-term bank facilities	52.00 (Reduced from 65.25)	CARE BBB; Stable	Reaffirmed
Long-term / Short-term bank facilities	65.00	CARE BBB; Stable / CARE A3	Reaffirmed
Short-term bank facilities	73.00 (Enhanced from 59.75)	CARE A3	Reaffirmed

Details of facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to the bank facilities of Gillanders Arbuthnot and Company Limited (GACL) continue to derive strength from its experienced promoters and demonstrated fund support, diversified business profile, and improvement in financial performance in FY25 (FY refers to April 01 to March 31), despite moderation in 9MFY26, and satisfactory capital structure and debt protection metrics.

Ratings, however, continue to be constrained by susceptibility of profitability to volatility in commodity prices and vagaries of nature, working capital and labour-intensive operations, and exposure to seasonal nature of the industry and Government policy.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Increase in total operating income above Rs.400 crore with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 7% on a sustained basis.
- Improvement in gross cash accruals (GCA) above Rs.30 crore on a sustained basis.

#### Negative factors

- Stretch in working capital cycle of the company beyond 150 days on a consistent basis.
- Deterioration in interest coverage ratio below 1.3x on a sustained basis.

**Analytical approach:** Standalone

### Outlook: Stable

Stable outlook reflects expectation that the entity will benefit from its diversified revenue profile and sustain its performance in the medium term.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced promoters along with demonstrated fund support

GACL was incorporated in 1935 and has a long track record of operations. The company was acquired by the Kolkata-based G.D. Kothari group in the late 1960s. AK Kothari, Chairman, is the son of Late GD Kothari, the founder of the group, and has significant business experience. He, along with Mahesh Sodhani, Managing Director and Chief Executive Officer, manages the day-to-day operations of the company.

Apart from GACL, the group has business interests in engineering products and healthcare through other group companies. The company enjoys financial flexibility by virtue of being part of the G.D. Kothari group, which enables it to arrange financing for any shortfalls in accruals for servicing debt obligations, as demonstrated in the past.

#### Diversified business profile

GACL is a multi-divisional entity with presence in textiles, tea, engineering and property leasing. Historically, the company derived ~80-90% of its revenue from the tea and textile divisions. In FY25, their contribution declined to ~66%, with the engineering division's share increasing to ~32% compared to the earlier range of 7-12%, followed by revenue from property leasing.

The engineering segment outperformed other divisions in FY25 and reported higher profit before interest and tax (PBIT) margin compared to FY24. Any significant impact on the profitability of the tea or textile divisions materially affects the overall profitability of the company.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Improvement in financial performance in FY25 albeit moderation in 9MFY26**

The total operating income recorded year-on-year growth of ~25% from ₹329.71 crore in FY24 to ₹412.27 crore in FY25, driven by higher revenue from the Engineering division, supported by execution of existing orders in hand. This resulted in healthy operating margins of ~7-8%, leading to an improvement in PBILDT margin from -0.31% in FY24 to 4.74% in FY25.

Tea prices also increased significantly due to lower production across tea estates, caused by inclement weather in FY25, which further supported the margin expansion. With the improvement in operating margin, profit after tax (PAT) margin also improved from -5.01% in FY24 to 3.65% in FY25.

In 9MFY26, the company earned revenue of ₹304.75 crore compared to ₹325.86 crore in 9MFY25. It reported PBILDT of ₹32.34 crore in 9MFY26 against ₹33.41 crore in 9MFY25. The PAT levels also narrowed from ₹30.55 crore in 9MFY25 to ₹18.79 crore in 9MFY26 primarily on account of exceptional income of Rs.12.04 crore earned last year in 9MFY25 majorly relating to write back of provision for gratuity.

**Satisfactory capital structure and debt protection metrics**

The capital structure of the company remained satisfactory, marked by an overall gearing ratio of 0.38x as on March 31, 2025, compared to 0.35x as on March 31, 2024. Considering no major capital expenditure planned, the capital structure is expected to remain satisfactory.

The PBILDT interest coverage ratio improved to 2.36x in FY25 due to higher absolute PBILDT levels. Additionally, total debt to gross cash accruals (TD/GCA) improved to 4.19x as on March 31, 2025, from -14.00x as on March 31, 2024, owing to improved GCA levels.

**Key weaknesses****Profitability susceptible to volatility in commodity prices & vagaries of nature**

GACL generates ~75% of its gross sales from commodity products such as yarn and tea. Prices of these products remain volatile due to global demand-supply dynamics. The raw materials used in manufacturing synthetic yarn depend on crude oil prices, which are highly volatile.

Profitability of the tea division remains exposed to vagaries of nature, as productivity depends on weather conditions, while wages are fixed in nature. Accordingly, the overall profitability of the company remains susceptible to volatility in commodity prices.

**Working capital intensive nature of operation**

The operations of GACL are working capital intensive owing to high working capital requirements in the engineering division, where the company's funds remain blocked in the form of retention money, ranging between 10-15% of the billed amount, released post completion of construction on a milestone basis. The company also provides bank guarantees in the form of performance guarantees and security deposits. As a result, the engineering division is characterised by higher collection days.

In the textile segment, the company maintains inventory and extends credit to customers, entailing high working capital requirements. Accordingly, the overall operating cycle of the company has remained moderate over the past three years. The operating cycle improved to 68 days in FY25 from 100 days in FY24, supported by improvement in both inventory days and collection period. Inventory in the tea division, being seasonal in nature, varies depending on the harvest and sowing season.

**Labour intensive nature of operation**

GACL's operations are labour intensive due to high dependency on labour in its textile and tea divisions. The tea industry, by nature, is highly labour intensive.

**Liquidity: Adequate**

The liquidity profile of the company is adequate marked by adjusted gross cash accruals (GCA) of ₹12.01 crore against debt repayment obligations of ₹0.39 crore in FY25. Post repayment of fixed deposit obligations, the company has negligible repayment obligations going forward, against which it is expected to generate sufficient cash accruals.

Average utilisation of fund-based limits stood at ~63% in the 12-month period ended June 2025. Financial flexibility has improved with reduction in debt, leading to a better capital structure and sufficient cushion in working capital limits.

## Applicable criteria

- [Definition of Default](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Manufacturing Companies](#)
- [Financial Ratios – Non financial Sector](#)
- [Short Term Instruments](#)
- [Cotton Textile](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Diversified	Diversified	Diversified	Diversified

GACL was incorporated as a partnership firm by F.M Gillanders & C.G Arbuthnot. It was later converted into a limited company in 1935. The company was acquired by Kolkata-based G.D. Kothari group in late 1960's. It has a satisfactory track record of over eight decades. GACL is a diversified, multi-location and multi-product conglomerate and currently, is operating under four business divisions' i.e. textile, tea, engineering & property. A. K. Kothari, Chairman, is the son of Late G.D. Kothari, the founder of the group. He, along with Mahesh Sodhani, MD and other professional team is managing the day-to-day affairs of the company.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	329.71	412.27	304.75
PBILDT*	-1.02	19.55	32.34
Profit after tax (PAT)	-16.53	15.04	18.79
Overall gearing (x)	0.35	0.38	NA
Interest coverage (x)	-0.11	2.36	5.04

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	50.00	CARE BBB; Stable
Fund-based - LT/ST-Working Capital Limits		-	-	-	65.00	CARE BBB; Stable / CARE A3
Non-fund-based - LT-Bank Guarantee		-	-	-	2.00	CARE BBB; Stable
Non-fund-based - ST-Letter of credit		-	-	-	73.00	CARE A3

## Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	50.00	CARE BBB; Stable	1)CARE BBB; Stable (08-Oct-25)	1)CARE BBB; Stable (02-Jan-25)	1)CARE BBB; Stable (21-Feb-24) 2)CARE BBB+; Stable (07-Aug-23)	1)CARE BBB+; Stable (03-Oct-22)
2	Non-fund-based - ST-Letter of credit	ST	73.00	CARE A3	1)CARE A3 (08-Oct-25)	1)CARE A3 (02-Jan-25)	1)CARE A3 (21-Feb-24) 2)CARE A3+ (07-Aug-23)	1)CARE A3+ (03-Oct-22)
3	Fund-based - LT/ST-Working Capital Limits	LT/ST	65.00	CARE BBB; Stable / CARE A3	1)CARE BBB; Stable / CARE A3 (08-Oct-25)	1)CARE BBB; Stable / CARE A3 (02-Jan-25)	1)CARE BBB; Stable / CARE A3 (21-Feb-24) 2)CARE BBB+; Stable / CARE A3+ (07-Aug-23)	1)CARE BBB+; Stable / CARE A3+ (03-Oct-22)
4	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (03-Oct-22)
5	Fixed Deposit	LT	-	-	1)Withdrawn (08-Oct-25)	1)CARE BBB; Stable (02-Jan-25)	1)CARE BBB; Stable (21-Feb-24) 2)CARE BBB+; Stable (07-Aug-23)	1)CARE BBB+; Stable (03-Oct-22) 2)CARE BBB; Positive (22-Jun-22)
6	Non-fund-based - LT-Bank Guarantee	LT	2.00	CARE BBB; Stable	1)CARE BBB; Stable (08-Oct-25)	1)CARE BBB; Stable (02-Jan-25)	1)CARE BBB; Stable (21-Feb-24)	-

							2)CARE BBB+; Stable (07-Aug- 23)	
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LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not Applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Non-fund-based - LT-Bank Guarantee	Simple
4	Non-fund-based - ST-Letter of credit	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

## Contact us

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