

Gillanders Arbuthnot And Company Limited

October 09, 2026

Facilities	Name of the Regulator ¹	Amount (₹ crore)	Ratings ²	Rating Action
Long-term / Short-term bank facilities	RBI	72.00 (Enhanced from 65.00)	CARE BBB; Stable / CARE A3	Reaffirmed
Long-term bank facilities	RBI	175.00 (Enhanced from 52.00)	CARE BBB; Stable	Reaffirmed
Short-term bank facilities	RBI	73.00	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, satisfactory financial performance in FY26 (FY refers to April 01 to March 31), with improvement in Q1FY27 and comfortable capital structure with satisfactory 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 FY26, their contribution increased to ~72% (66% in FY25), with the

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

engineering division's share at ~26% (32% in FY25) compared to the historical range of 7-12%, followed by revenue from property leasing.

The engineering segment outperformed other divisions in FY26 and reported higher profit before interest and tax (PBIT) margin at 8.75% as compared to 7.85% in FY25. The engineering division is expected to improve going forward given the satisfactory order book at ₹467.56 crore as on August 30, 2026. Any significant impact on the profitability of the tea or textile divisions materially affects the overall profitability of the company.

Satisfactory financial performance in FY26 with improvement in Q1FY27

Though the company's TOI declined to ₹395.60 crore in FY26 from ₹412.27 crore in FY25, primarily due to lower order execution in the MICCO division, its order book stood at ₹467.56 crore as on August 31, 2026, providing healthy revenue visibility over the medium term. The company's PBILDT margin improved to 4.99% in FY26 from 4.74% in FY25. However, the PAT margin moderated to 1.18% in FY26 from 3.65% in FY25, primarily due to the presence of a one-time exceptional income of ₹12.01 crore in FY25. Excluding the same, adjusted PBT stood at ₹5.16 crore in FY25 which is lower than PBT of ₹6.28 crore earned in FY26. Nevertheless, the profitability remained satisfactory.

The company reported an improved financial performance in Q1FY27, with TOI increasing to ₹81.21 crore from ₹78.12 crore in Q1FY26, driven by higher revenue contributions from the MICCO and tea divisions. Operating profitability strengthened considerably, with the PBILDT margin rising to 5.58% in Q1FY27 from 0.47% in Q1FY26, supported by better margins in the MICCO and tea division. Consequently, the PAT margin improved to 4.36% in Q1FY27 compared to a net loss margin of 5.15% in Q1FY26, reflecting the company's improved operational efficiency and earnings profile.

Comfortable capital structure and satisfactory debt protection metrics

The company's capital structure remained comfortable, with stable overall gearing ratio of 0.41x as on March 31, 2026, compared to 0.41x as on March 31, 2025. In the absence of any major debt-funded capital expenditure plans, the capital structure is expected to remain satisfactory over the medium term. However, the company is planning to enhance its working capital facilities to support the smooth execution of its healthy order book in the MICCO division.

The company's debt protection metrics remained satisfactory marked by PBILDT interest coverage ratio, which stood at 2.36x in FY26, broadly in line with the previous year. Nevertheless, the coverage indicators are expected to strengthen going forward, supported by an anticipated improvement in absolute PBILDT levels. However, the total debt to gross cash accruals (TD/GCA) ratio deteriorated significantly to 8.36x as on March 31, 2026, from 4.59x as on March 31, 2025, on account of lower GCA levels.

Key weaknesses

Profitability susceptible to volatility in commodity prices & vagaries of nature

GACL generates ~72% 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. The operating cycle deteriorated to 120 days in FY26 from 94 days in FY25, on account of moderation 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 company earning GCA of ₹13.47 crore vis-à-vis negligible debt repayment obligation of ₹0.15 crore and repayment of ₹2.00 crore of debt from related parties in FY26. The company is expected to generate sufficient cash accruals to meet its term debt repayment obligation of ₹0.17 crore. The average utilization of fund-based limit stood at around 76% during the last 12 months period ended August 2026. The financial flexibility of the company has improved with the reduction in debt leading to a better capital structure along sufficient cushion in working capital limit.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Cotton Textile](#)

[Short Term Instruments](#)

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, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	412.27	395.60	81.21
PBILDT*	19.55	19.75	4.53
Profit after tax (PAT)	15.04	4.67	3.54
Overall gearing (x)	0.41	0.41	NA
Interest coverage (x)	2.36	2.36	2.27

A: Audited; UA: Unaudited NA: Not Applicable; 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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:

A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	RBI	NA	-		-	-	90.00	CARE BBB; Stable
Fund-based - LT/ ST-Working Capital Limits	RBI	NA	-		-	-	72.00	CARE BBB; Stable / CARE A3
Non-fund-based - LT-Bank Guarantee	RBI	NA	-		-	-	85.00	CARE BBB; Stable
Non-fund-based - ST-Letter of credit	RBI	NA	-		-	-	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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	90.00	CARE BBB; Stable	-	1)CARE BBB; Stable (06-Mar-26) 2)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)
2	Non-fund-based - ST-Letter of credit	ST	73.00	CARE A3	-	1)CARE A3 (06-Mar-26) 2)CARE A3 (08-Oct-25)	1)CARE A3 (02-Jan-25)	1)CARE A3 (21-Feb-24) 2)CARE A3+ (07-Aug-23)
3	Fund-based - LT/ ST-Working Capital Limits	LT/ST	72.00	CARE BBB; Stable / CARE A3	-	1)CARE BBB; Stable / CARE A3 (06-Mar-26) 2)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)
4	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)
5	Non-fund-based - LT-Bank Guarantee	LT	85.00	CARE BBB; Stable	-	1)CARE BBB; Stable (06-Mar-26) 2)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)

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: 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.

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