

**Press Release**  
**GLOSTER NUVO LIMITED**  
**June 09, 2025**  
**Rating Downgraded**



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	250.00	ACUITE A+   Stable   Downgraded   Negative to Stable	-
Total Outstanding Quantum (Rs. Cr)	250.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has downgraded the long-term rating to '**ACUITE A+**' (read as **ACUITE A Plus**) from '**ACUITE AA-**' (read as **ACUITE double A minus**) on the Rs 250.00 Cr. bank facilities of Gloster Nuvo Limited (GNL). The outlook is revised from '**Negative**' to '**Stable**'.

**Rating Rationale**

The rating downgrade and revision in outlook reflects the lesser than expected growth in the business and decline in financial risk profile year-on-year for FY 25. The subdued demand in jute industries has led to lower realization of the products. The group had been undertaking significant debt funded capex since last two years for setting up plants in Gloster Nuvo Limited (GNL) and Fort Gloster Industries Limited (FGIL). While part of this capex has been operational, the same has led to high interest and depreciation cost which in turn has resulted in operating level PBT and PAT losses. The rating recommendation also factors weakening in the financial risk profile, the capital structure, and debt protection metrics and increase in working capital cycle due to large inventories. The liquidity continues to remain adequate wherein it generated cash accruals of Rs. 36.41 Cr. for FY2025 as against debt repayment obligations of Rs. 2.44 Cr. The cash accrual is expected to be in the range of Rs. 50 Cr. to Rs. 70 Cr. vis-à-vis repayment which is expected to be about Rs. 60 Cr. The rating is further constrained due to large debt funded capex in the group. The successful stabilisation of the capex in subsidiary companies along with timely execution of the ongoing projects would remain a key monitorable. However, the rating is constrained on account of intensive working capital operations and volatility in the prices of raw materials of jute.

**About the Company**

Gloster Nuvo Limited was formed in January 2020 to set up an integrated jute mill at Bauria, Howrah. It started its operations in April 2024 with a capacity of 92 Tonnes per Day (TPD). Company is being managed by Mr. Ajay Kumar Agarwal who is director of the company and has decades of experience in the industry.

**About the Group**

Gloster Limited has following fully owned subsidiaries. Together with these subsidiaries Gloster Limited is referred as Gloster Group. Gloster Lifestyle Limited (GLL), Gloster Specialities Limited (GSL), Gloster Nuvo Limited (GNL), Network Industries Limited (NIL) and Fort Gloster Industries Limited (FGIL).

Gloster Limited was incorporated in 1923 as Kettlewell Bullen & Company Ltd. In 1954, the company was acquired by Kolkata based Bangur family. The jute division was demerged into a separate entity and renamed as Gloster Limited in 1992. The company is engaged in the manufacture of various kind of jute & jute allied products such as hessian, yarn, sacking woven & non-woven jute geo textiles, treated fabric-rot proof, fire retardant, hydrocarbon free jute bags, Jute leno fabrics and lifestyle products such as floor covering, furnishing, fabrics etc. The company has also added new technical products namely bags & madeup, laminated jute fabrics, etc. The manufacturing unit is located in Howrah, West Bengal. Currently, the company is managed by Mr. Hemant Bangur who is the Executive Chairman.

Fort Gloster Industries Limited (FGIL) was acquired by Gloster Limited in FY21 from NCLT. It is engaged in manufacturing of industrial cable. FGIL is in capex mode for four different lines of cable out of which two lines were operationalised by end in May 2024. Company is being managed by Mr. Ajay Kumar Agarwal who is director of the company and has decades of experience in the industry. The company is based in Bauria, Howrah, West Bengal.

### Unsupported Rating

Not Applicable

### Analytical Approach

#### Extent of Consolidation

- Full Consolidation

#### Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the business and financial risk profiles of Gloster Limited (Gloster), Gloster Lifestyle Limited (GLL), Gloster Specialities Limited (GSL), Gloster Nuvo Limited (GNL), Network Industries Limited (NIL) and Fort Gloster Industries Limited (FGIL). The consolidation is in view of GLL, GSL, NIL, GNL and FGIL being fully owned subsidiaries of Gloster.

### Key Rating Drivers

#### Strengths

##### Experienced Management

Gloster Limited has an operational record of around hundred years as the company is operational since 1923. In 1954, Kolkata based Bangur family acquired the company. The group caters to both domestic and overseas markets such as USA, European Union, Middle East countries, Australia, Japan among others. The company has three major product segments namely Hessian & sacking, Yarn, and diversified jute products. Government sacking contributes nearly 30 percent of total revenue which is a regulated business. The group has wide product profile which caters to various industries such as FMCG, Agricultural products, Fashion Textile etc. The current management has more than six decades of experience in the jute business. Under the present management, the group acquired FGIL and diversified its operations into cable business which operationalised in FY 25. Acuite believes that with the expected augmentation of new facilities the group is expected to ramp up operations over the medium term.

##### Expected improvement in scale of operations and profitability margins

The group has achieved a revenue of Rs. 760.93 Cr in FY25 against Rs. 648.55 Cr in FY24. The increase of 17.33% is attributed to the commencement of operations in GNL and FGIL. The EBITDA margins of the group at 9.55% in FY25 as compared to 10.70% in FY24. This was majorly because of the decrease in the realizable value of jute products in the market albeit sustained demand of products in terms of volume. The decline in the overall value of the jute products primarily because of a decrease in demand from the sugar industry and other related sectors has led to decreased realization of Jute products. The PAT margins of the group stood at -1.75% in FY25 as compared to 3.75% in FY24. The decline in PAT was primarily attributable to higher interest expenses resulting from increased utilization of working capital limits after the commencement of operations in GNL and FGIL, as well as additional long-term borrowings undertaken by FGIL and GNL for setting up the new facilities. Additionally, the acquisition of new machinery for setting up the facilities has resulted in increased depreciation expenses. FGIL has also secured Rs. 1200 Cr. order book from a single customer which provides it revenue visibility across 2 years. Also, the government demand for jute is expected to be better in H2FY26. Going forward, the group is likely to improve the business risk profile in the medium term on account of increased production capacities and successful commencement of commercial operations in GNL and FGIL.

##### Integration of business activities and business diversification plan

The group has entered industrial cable business through FGIL. The group had acquired FGIL from NCLT (National Company Law Tribunal) in FY21. The group had undertaken a major capex plan of Rs. 475 Cr. to upgrade and modernize the manufacturing facility of FGIL. This will diversify the group's overall business profile and improve the revenue mix. Also, the group has successfully commenced operations in GNL which will help to increase the overall jute manufacturing capacity and eventually bringing the total jute manufacturing capacity of the group to be 300 TPD.

## Weaknesses

### Declining Financial Risk Profile

The financial risk profile of the group has declined marked by moderate net-worth of Rs. 862.51 Cr as on 31<sup>st</sup> March 2025 against Rs. 867.61 Cr as on 31<sup>st</sup> March 2024 due to losses incurred during the year. The total debt of the company is Rs. 597.47 Cr as on 31<sup>st</sup> March 2025 against Rs. 193.55 Cr as on 31<sup>st</sup> March 2024. The increase in debt is related to the CAPEX planned in FGIL and GNL and working capital borrowings. The gearing stands below unity at 0.67 times in FY25 against 0.22 times in FY24. Further, the interest coverage ratio of the group weakened to 3.01 times in FY25 against 31.05 times in FY24. The debt service coverage ratio stood at 2.28 times in FY25 against 25.73 times in FY24. The decrease in the coverage indicators have been noticed because of the increase in the interest costs and debt repayment obligations of FGIL and GNL. GNL has already achieved EBITDA positivity and, both companies are expected to reach their breakeven point by FY26 and subsequently manage their debt repayments independently, without further assistance from Gloster Limited. The TOL/TNW stood at 1.08 times in FY25 against 0.41 times in FY23. Acuité believes that the financial risk profile of Gloster group is likely to remain at similar levels over the medium term albeit debt protection metrics which would further moderate due to debt funded ongoing capex.

### Intensive Working Capital Operations

The working capital operations of the company remained intensive marked by GCA days which stood at 315 days as on as on 31<sup>st</sup> March 2025 against 136 days as on 31<sup>st</sup> March 2024. The inventory days of the group stood at 163 days in FY25 as against 97 days in FY24. The increase in inventory has been because of the commencement of operation in FGIL and GNL. The inventory for the jute segment is managed by gradually increasing capacity and maintaining optimal stock levels. They hold 2 to 2.5 months of inventory regularly, with a buffer of 4 months during peak seasons to ensure supply readiness. The company has scaled up operations significantly in FY25, expanding production capacity and workforce. This strategy balances inventory costs with the need to meet demand, support growth, and adapt to market fluctuations. The debtor days of the company stood at 65 days as on 31<sup>st</sup> March 2025 against 23 days as on 31<sup>st</sup> March 2024. The increased orders from GNL and FGIL after the commencement of operations has increased the flow of debtors in the group leading to the increase in debtor days. The Company has received customer advances totalling Rs. 133 Cr. under the specified contract, while vendor advances of Rs. 68 Cr. have been paid, which are reflected as liabilities and assets, respectively. This has contributed to an increase in current assets. Additionally, higher balances with government authorities are also augmenting the overall value of current assets leading to increase in the gross current assets. On the other hand, the creditor days of the company stood at 74 days as on 31<sup>st</sup> March 2025 against 16 days as on 31<sup>st</sup> March 2024. Acuité believes that Gloster Group is likely to have a slightly increased working capital operations on account of initial phases of operations.

### Project Implementation Risk

Gloster group has implemented several CAPEX plans across its group companies (Gloster, FGIL, and GNL), with some projects completed and others still in development. This exposes the group to execution risks, including potential delays and cost overruns. However, these risks are partially mitigated, as the group has already completed certain CAPEX initiatives and has commenced commercial operations in FGIL and GNL.

## ESG Factors Relevant for Rating

In case of this industry, on the social front, labour management issues, such as employee safety & development and employment quality, remain a crucial risk in manufacturing industry. Additionally, key material issues such as responsible procurement, community support & development, product safety & quality, human rights, equal opportunity & employee development can influence social scores. Further on the environment front, GHG emissions, material efficiency, waste management, environmental management, energy efficiency and green supply chain are significant environmental issues in the manufacturing industry. Additionally, key material issues such as ESG reporting transparency, biodiversity impact and green products can influence environmental scores.

## Rating Sensitivities

Movement in the topline with stable profits  
Changes in the regulatory environment  
Timely completion and effective leveraging of capex  
Movement in debt protection metrics

## Liquidity Position

Adequate

The liquidity profile of the company is adequate. The group generated a net cash accrual of Rs. 36.41 Cr as on as on 31st March 2025 against the debt repayment obligations of Rs. 2.44 Cr in the same period. The cash accrual is expected to be in the range of Rs. 50 Cr. to Rs. 70 Cr. vis-à-vis repayment which is expected to be about Rs. 60 Cr. The current ratio of the company declined to 1.42 times as on 31st March 2025 against 1.96 times as on 31st March 2024 because of the increase in the payables and other current liabilities. The group is also undertaking debt funded capex plans which is expected to reduce its financial flexibility. The NCA/TD stood at 0.06 times in FY25 as against 0.32 times in FY24. Acuité believes that the liquidity of Gloster Group is likely to remain adequate over the medium term on account of steady accruals from both the segments (Jute and Cables) of the group.

#### **Outlook : Stable**

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	760.93	648.55
PAT	Rs. Cr.	(13.35)	24.35
PAT Margin	(%)	(1.75)	3.75
Total Debt/Tangible Net Worth	Times	0.67	0.22
PBDIT/Interest	Times	3.01	31.05

**FY2025 is based on abridged financials statements**

## Status of non-cooperation with previous CRA (if applicable)

Not Applicable

## Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

**Not applicable**

## Any Other Information

None

## Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

## Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
20 Aug 2024	Proposed Long Term Loan	Long Term	68.00	ACUITE AA-   Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	140.00	ACUITE AA-   Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	42.00	ACUITE AA-   Negative (Reaffirmed (Stable to Negative))
20 Mar 2024	Proposed Long Term Loan	Long Term	68.00	ACUITE AA-   Stable (Reaffirmed)
	Term Loan	Long Term	140.00	ACUITE AA-   Stable (Reaffirmed)
	Term Loan	Long Term	42.00	ACUITE AA-   Stable (Reaffirmed)
21 Dec 2023	Term Loan	Long Term	140.00	ACUITE AA-   Stable (Reaffirmed)
	Term Loan	Long Term	42.00	ACUITE AA-   Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	68.00	ACUITE AA-   Stable (Reaffirmed)
17 Nov 2023	Term Loan	Long Term	140.00	ACUITE AA-   Stable (Reaffirmed)
	Term Loan	Long Term	42.00	ACUITE AA-   Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	68.00	ACUITE AA-   Stable (Reaffirmed)
27 Mar 2023	Proposed Long Term Loan	Long Term	20.00	ACUITE AA-   Stable (Reaffirmed)
	Term Loan	Long Term	140.00	ACUITE AA-   Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	90.00	ACUITE AA-   Stable (Reaffirmed)
07 Jun 2022	Proposed Long Term Loan	Long Term	20.00	ACUITE AA-   Stable (Assigned)
	Proposed Long Term Loan	Long Term	230.00	ACUITE AA-   Stable (Assigned)

**Annexure - Details of instruments rated**

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	68.00	Simple	ACUITE A+   Stable   Downgraded   Negative to Stable ( from ACUITE AA- )
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	06 Jan 2033	140.00	Simple	ACUITE A+   Stable   Downgraded   Negative to Stable ( from ACUITE AA- )
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2032	42.00	Simple	ACUITE A+   Stable   Downgraded   Negative to Stable ( from ACUITE AA- )

**\*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Company Name
1	Gloster Limited
2	Gloster Lifestyle Limited
3	Gloster Specialities Limited
4	Gloster Nuvo Limited
5	Network Industries Limited
6	Fort Gloster Industries Limited

## Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Shubham Jain Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticsupport@acuite.in">analyticsupport@acuite.in</a>

### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

**Note:** None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.