

## Geo Miller & Company Private Limited(trans.w.b.to Delhi )

December 31, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	1.20	CARE BBB-; Stable	Reaffirmed
Short Term Bank Facilities	73.30	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The reaffirmation of the ratings assigned to the bank facilities of Geo Miller & Company Private Limited (GMPL) derive strength from the experienced promoters with established track record and healthy order book position albeit concentrated on few large orders. The ratings also consider the comfortable financial risk profile of the company along with adequate liquidity position. However, the ratings are constrained by the moderate scale of operations of the company, elongated collection period and competitive nature of industry. CARE Ratings Limited (CARE Ratings) believe the company's ability to improve its collection period will remain a key credit monitorable.

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

#### Positive factors

- Improvement in the average collection period to less than 75 days on a sustained basis.
- Growth in overall scale of operations and improvement in the profitability levels along with diversification in order book position on a sustained basis.

#### Negative factors

- Deterioration in the average collection period to more than 250 days on a sustained basis.
- Deterioration in the capital structure with overall gearing ratio beyond 2x on a sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable

"Stable" outlook reflects CARE Ratings opinion that GMPL will continue to derive benefit from its long-standing experience of promoters in the industry.

### Detailed description of key rating drivers:

#### Key strengths

##### Healthy order book position albeit concentrated on few large orders

GMPL has a healthy unexecuted order book position with reputed clientele from various municipal corporations (outstanding order book pertains to contracts from government agencies and municipal corporations including various Jal Boards of different states). The company has an unexecuted order book position of ₹586 crore as on March 31, 2024, which is 6.49x of total operating income in FY24 (refers to the period April 01 to March 31). CARE Ratings anticipates that the company will maintain its operational performance in the short to medium term, based on its current order book.

##### Comfortable capital structure

The company has a comfortable capital structure marked by gearing of 0.06x as on March 31, 2024 (PY: 0.13x), mainly due to low reliance on long term debt of ₹1.88 crore which includes vehicle loans of ₹0.45 crore. Further, the average working capital utilization was low at 19% for the last twelve months ending September 2024 with highest utilization of 40% in the month of July 2024. With no major envisaged increase in the working capital requirements of the company, CARE Ratings expects the company to maintain its comfortable capital structure in the short to medium term.

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

### **Experienced promoters with established track record**

GMPL, incorporated in 1929, the company is well established in the field of water, wastewater and effluent treatment plant since inception. The promoters of the company have vast experience in construction of water, wastewater and sewage treatment plants. The director of the company, Abhishek Das Mundhra is having 23 years of experience in this field. Other directors of the company, S.S. Mahanot is a qualified FCA, FCS and looks after the finance function of the company and Anil Kumar Rajani is B.E. (Hons.) Chemical and ME (Environ) engineer, has 25 years of experience in this field.

### **Key weaknesses**

#### **Moderate scale of operations**

The total operating income GMPL declined by ~32% to ₹90.29 crore in FY24 and the said moderation was already factored into consideration while assigning ratings in February 2024. During FY23, the operational performance of the company was quite high due to extra orders in pipelines. The operational performance of the company stayed in the range of ₹80-90 crore over the years. However, the company witnessed a marginal improvement in profitability margins as reflected by PBILDT and PAT margins of 4.81% and 3.28%, respectively, in FY24 (PY: 3.27% and 2.36%, respectively). Further, GMPL achieved TOI of ₹35 crore in H1FY25 (refers to the period April 01 to September 30), and the dip was mainly attributable to elections however is expected to achieve ₹85 crore in FY25 driven by orders in hand.

#### **Competitive and fragmented nature of industry**

Though the demand prospects in water and wastewater treatment market are favorable given Government of India's initiatives like Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for facilitating investment in municipal infrastructure, the company remains exposed to the competitive pressure from other established players. Furthermore, the construction industry is fragmented with a large number of small and medium scale players. This along with the tender-driven nature of the construction contracts leads to intense competition and puts pressure on the profitability margins of players like GMPL. The company's capacity to bid for additional contracts while preserving its profitability will continue to be a crucial factor to monitor.

#### **Fluctuations in raw material pricing**

The susceptible to volatility in the input prices, which may have an adverse impact on the profitability of the company. To tackle raw material price fluctuation risk, the company has in-built price escalation clauses in all its contracts. This enables them to pass on the increase in raw material prices to their customers. Therefore, the ability of the company to pass on increased price burden to the customers in a timely manner and maintain profitability margins is critical from the credit perspective.

#### **Elongated collection period**

The operating cycle of GMPL increased to 110 days as on March 31, 2024, from 66 days as on March 31, 2023, mainly due to the execution of government orders due to which collection period was on a higher side of 170 days as on March 31, 2024 (PY: 109 days). Further, it is expected to stay elevated since the operations of the company are working capital intensive and the main customers are state government and municipal corporations wherein there due to procedural difficulties, there is usually a delay in recovery of debtors. The company's ability to improve its collection period will remain a key credit monitorable.

#### **Liquidity: Adequate**

The liquidity position of the company remained adequate with a cash and bank balance of ₹1.67 crore as on March 31, 2024, with expected gross cash accruals of ₹4-5 crore against minimal debt repayment obligations of ₹0.17 crore. The current and quick ratio of the company stood at 2.97x and 2.89x, respectively, as on March 31, 2024 (PY: 1.70x and 1.65x, respectively). The operating cycle of the company is expected to stay elevated due to nature of operations and increased to 110 days as on March 31, 2024, from 66 days as on March 31, 2023. The average working capital utilization was low at 19% for the last twelve months ending September 2024 with highest utilization of ~40% in the month of July 2024.

**Assumptions/Covenants:** Not Applicable

**Environment, social, and governance (ESG) risks:** Not Applicable

### **Applicable criteria**

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Short Term Instruments](#)
**About the company and industry**
**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

GMPL was incorporated in 1929 as a British mining firm in Kolkata and was later transformed into a native company in 1947. The company primarily has two divisions, viz. water treatment division and pollution control equipment division. The water treatment division does turnkey execution of water treatment, wastewater treatment and sewage treatment plants. The pollution control equipment division, having manufacturing unit situated at Village Khandsa, Gurgaon (Haryana), is involved in fabrication of equipment required for waste and sewage treatment plants and manufactures ready to use package for water and sewage treatment plants used in hotels, resorts etc.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	133.48	90.29	35.00
PBILDT	4.37	4.35	NA
PAT	3.15	2.96	NA
Overall gearing (times)	0.13	0.06	NA
Interest coverage (times)	11.49	9.57	NA

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

**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	-	-	-	-	1.20	CARE BBB-; Stable
Fund-based - ST-Working Capital Limits	-	-	-	-	4.00	CARE A3
Non-fund-based - ST-BG/LC	-	-	-	-	69.30	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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	1.20	CARE BBB-; Stable	-	1)CARE BBB-; Stable (20-Feb-24)	1)CARE BBB-; Stable (08-Mar-23) 2)CARE BBB-; Stable (06-Apr-22)	1)CARE BBB-; Stable (05-Apr-21)
2	Non-fund-based - ST-BG/LC	ST	69.30	CARE A3	-	1)CARE A3 (20-Feb-24)	1)CARE A3 (08-Mar-23) 2)CARE A3 (06-Apr-22)	1)CARE A3 (05-Apr-21)
3	Fund-based - ST-Working Capital Limits	ST	4.00	CARE A3	-	1)CARE A3 (20-Feb-24)	1)CARE A3 (08-Mar-23) 2)CARE A3 (06-Apr-22)	1)CARE A3 (05-Apr-21)

LT: Long term; ST: 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 - ST-Working Capital Limits	Simple
3	Non-fund-based - ST-BG/LC	Simple

**Annexure-5: Lender details**To view the lender wise details of bank facilities please [click here](#)

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

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### About us:

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