

## Generic Engineering Construction and Projects Limited

July 08, 2025

Facilities	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	63.00 (Enhanced from 45.00)	CARE B; Stable	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed
Long Term / Short Term Bank Facilities	110.00 (Enhanced from 39.00)	CARE B; Stable / CARE A4	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed
Short Term Bank Facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed the ratings outstanding on the bank facilities of Generic Engineering Construction and Projects Limited (GECPL) and has removed the ratings from the 'Issuer Not Cooperating' category as the entity has started to cooperate with CareEdge Ratings to carry out the review of the ratings. The reaffirmation of the ratings factors in the sizeable order book of more than Rs. 1,100 crore as on March 31, 2025, translating into an order book/operating income ratio of 3.86x, thereby providing medium term revenue visibility. Moreover, the company's sizeable net worth base supports its capital structure with overall gearing and TOL/TNW remaining below unity as on March 31, 2025.

The ratings, however, remain constrained by the high working capital intensity of GECPL's operations as reflected in gross current assets (GCA) of more than 400 days over the last four years with significant receivables from customers, including retention money and security deposits. This translates into a stretched liquidity position indicated by almost full average fund-based limit utilisation in the 6-months ending March 31, 2025 and instances of overutilization of funds at month-end, as confirmed by the lenders.

CareEdge Ratings has withdrawn the ratings outstanding on the short-term bank facilities of the company availed from Axis Bank Limited and HDFC Bank Limited based on the withdrawal request received from the company along with 'No Dues Certificate' from the respective lender(s) confirming that there are no outstanding obligations against the rated facilities as on date, in accordance with CARE Ratings Limited's withdrawal policy.

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

#### Positive factors:

- Sustained growth in scale of operations with PBILTD margin remaining above 15%
- Improvement in gross current asset days below 300 days translating into better liquidity
- Increase in available liquidity buffer

#### Negative factors:

- Deterioration in scale of operations below Rs. 200 crore and PBILTD margin below 10%
- Increase in overall gearing above 0.5x
- Deterioration in working capital cycle above 200 days

### Analytical approach: Standalone

#### Outlook: Stable

The stable outlook reflects CareEdge Ratings' expectation that GECPL will continue to benefit from its strong management team and healthy order book.

### Detailed description of key rating drivers:

#### Key weaknesses

#### Working capital intensive nature of operations with sizeable receivables

GECPL's operations remains working capital intensive as reflected in gross current assets of more than 400 days in the last two years, largely attributable to sizeable funds being stuck as receivables, including security deposits and retention money. The collection period has increased to 157 days in FY25 vis-à-vis 141 days in FY24. The inventory days have reduced to 107 days in FY25 from 115 in FY24. As on Mar 31, 2025, the company has receivables of more than Rs. 50 crore which have been due for

<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.

more than 180 days. The sizeable receivables put pressure on the company's liquidity position and constrain cash flow generation to fund business growth. Sustained reduction in working capital intensity of operations remains a key rating sensitivity.

#### **Geographical and client concentration of orderbook**

The business operations by GECPL are majorly in the Maharashtra region, thereby indicating geographical concentration risk and exposing the business to localised disruptions, change in government policies and slowdown in construction activity in the region. However, the company has started receiving orders from other states which could provide some diversification over the medium term. GECPL's top 5 clients contribute more than 50% of the orderbook, indicating client concentration risks.

#### **Volatility in profit margin due to raw material and labour prices**

The profit margins of the company are volatile to the prices of the construction raw materials such as cement, steel, etc. and to the labour prices. However, that is partially mitigated through price escalation provision made with customers with regards to raw material prices.

#### **Key strengths**

##### **Long track record of the company and experienced promoters**

The company has been operating in the civil construction industry for 5 decades and have established strong relations with key stakeholders. It has undertaken multiple residential as well as commercial projects such as shopping complex, automobile showroom, IT park, educational academies, hospitals etc. Under the industrial projects the company has executed the construction of factories under various sectors which are metals, chemicals, sweets, spices, cold storage, etc.

##### **Healthy orderbook position**

The order book of GECPL remains healthy with total confirmed unexecuted orders of Rs. 1,167 crore as on Mar 31, 2025 which is 3.86x of revenue of previous financial year. The company has received fresh orders of about Rs. 820 crores in FY25. The execution of the orders remains timely. The sizeable order book provides adequate revenue visibility over the near-to-medium term.

##### **Liquidity:** Stretched

The liquidity position remains stretched as reflected in almost full average utilization of fund-based working capital limits in the past 6 months, as confirmed by lenders, indicating negligible liquidity buffer. Moreover, sizeable amounts remain stuck as receivables from its customers in the form of trade receivables, retention money and security deposits, thereby putting pressure on the cash flows. The current and quick ratios stands decent at 1.91 and 1.43 respectively as on March 31, 2025 (vis-à-vis 1.63 and 1.25 as at March 31, 2024).

#### **Applicable criteria**

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Construction Sector](#)

[Short Term Instruments](#)

#### **About the company and industry**

##### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	EPC	Civil Construction

Generic Engineering Construction and Projects Limited (GECPL) undertakes civil construction work for buildings across commercial, residential, industrial, health and leisure and institutional segments with presence in states of Maharashtra, Karnataka, Gujarat, Goa & Himachal Pradesh. The company was incorporated in 1994 by Mr. Manish Patel and is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The company has its registered office which is in Vikhroli in Mumbai in Maharashtra.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	289.36	302.02
PBILDT	28.02	36.27

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
PAT	11.14	12.13
Overall gearing (times)	0.28	0.25
Interest coverage (times)	2.82	2.73

A: Audited UA: Unaudited; 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	63.00	CARE B; Stable
Non-fund-based - LT/ST-Bank Guarantee	-	-	-	-	110.00	CARE B; Stable / CARE A4
Non-fund-based - ST-Letter of credit	-	-	-	-	0.00	Withdrawn

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

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Date(s) and Rating(s) assigned in 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	63.00	CARE B; Stable	-	1)CARE B; Stable; ISSUER NOT COOPERATING * (19-Dec-24)	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (09-Jan-24)	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (15-Nov-22)
2	Non-fund-based - LT/ST-Bank Guarantee	LT/ST	110.00	CARE B; Stable / CARE A4	-	1)CARE B; Stable / CARE A4; ISSUER NOT COOPERATING * (19-Dec-24)	1)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING * (09-Jan-24)	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING * (15-Nov-22)
3	Non-fund-based - ST-Letter of credit	ST	-	-	-	1)CARE A4; ISSUER NOT COOPERATING * (19-Dec-24)	1)CARE A4; ISSUER NOT COOPERATING * (09-Jan-24)	1)CARE A4+; ISSUER NOT COOPERATING * (15-Nov-22)

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3:** Detailed explanation of covenants of rated instrument / facility – 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	Non-fund-based - LT/ ST-Bank Guarantee	Simple
3	Non-fund-based - ST-Letter of credit	Simple

**Annexure-5: Lender details**

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

## Contact us

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