Milecon Engineering Private Limited

September 21, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term / Short Term Bank Facilities	RBI	6.00	CARE BB-; Stable / CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the bank facilities of Milecon Engineering Private Limited (MEPL) are constrained on account of moderate scale of operations and profitability, low networth base and leveraged capital structure. Ratings also factor MEPL's presence in intensely competitive and fragmented construction industry along with geographical concentration of its order book and stretched liquidity.

The above rating constraints are partially offset by strength derived from experience of promotors and medium-term revenue visibility on back of modest orderbook from reputed counterparty. Ratings also factor lean operating cycle and satisfactory debt coverage indicators.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained growth in Total Operating income (TOI) above ₹70 crore along with improvement in Profit before Interest, Lease rentals, Interest, Depreciation and Taxes (PBILDT) margins above 5%.
- Improvement in networth base of the company with accretion of profits leading to improvement in financial risk profile marked by overall gearing below 1.5x and TOL/TNW below 4x on sustained basis.

Negative factors

- Increase in working capital intensity leading to increase in Gross Current Asset (GCA) days beyond 200 days on sustained basis.
- Moderation in financial risk profile marked by overall gearing of more than 2.5x on sustained basis.
- Significant delay in execution of orderbook resulting into moderation in TOI below ₹45 crore and/or moderation in operating profitability below 3% on sustained basis.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CareEdge Ratings expectations that MEPL shall benefit from experience of its promoters and moderate orderbook position indicating revenue visibility in medium term.

Detailed description of key rating drivers

Key weaknesses

Moderate scale of operations and profitability

MEPL's scale of operations grew; albeit remained moderate, at CAGR of 40% in past 5 years ended FY26 (Prov.) from ₹13.03 crore in FY22 to ₹50.40 crore in FY26 on back of augmentation in orderbook and timely execution of the same. Till July 30, 2026, MEPL has achieved TOI of ~₹25 crore and is expected to close FY27 at ~₹80 crores.

MEPL reported moderate PBILDT margins in range of 2.5-5% over past 5 years ended FY26. PBILDT margins improved by 132 bps to 4.34% in FY26 as compared to 3.02% as on Fy25 end on account of better margins from new projects. MEPL reported PAT margins of 1.41% as on FY26 end (PY: 1.13%).

Leveraged capital structure with low networth base; albeit satisfactory debt coverage indicators

MEPL has leveraged capital structure marked by overall gearing and TOL/TNW of 2.22x (PY: 0.64x) and 5x (PY: 4.15x) respectively as on FY26 end. MEPL has a small networth base of ~Rs. 4.06 crore as on FY26 end (PY: 3.35 crore). Going forward, with envisaged increase in Topline and accretion of profits to reserves, capital structure is envisaged to improve marginally in FY27.

[1]SEBI: 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

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

MEPL's debt coverage indicators are satisfactory marked by PBILDT interest coverage ratio of 4.18x (PY: 5.07x) and TD/PBILDT of 4.12x as on FY26 end.

Geographical concentration of orderbook and presence in intensely competitive and fragmented industry:
MEPL is engaged in the Civil construction activities undertaken in the vicinity of few cities in the state of Gujarat leading to geographical concentration of its operations. Also, MEPL is a relatively small-sized player operating in the intensely competitive and fragmented construction industry with many small and medium players. The increase in the competition and entry of new players exerts pressure on the margins for the new projects.

Key strengths

Modest orderbook from reputed counter party
MEPL had an orderbook of ₹89.73 crore as on July 30, 2026. Post this, MEPL has been awarded a contract of Rs. 32 crore by TATA motors Passenger Vehicles Private Limited resulting in to orderbook of ₹121.73 crore which translates into Orderbook by TOI (FY26, FY refers to period between April 01 to March 31) of 2.42x indicating revenue visibility for near to medium term. Approx. 72% of the orderbook is from reputed automobile manufacturing entities such as Tata Motors Passenger Vehicles Ltd, Tata Passenger Electric Mobility Limited and Maruti Suzuki India Limited indicating low counterparty risk.

Experienced promotors
Incorporated in 2014, MEPL is engaged in executing civil construction projects for various private automobile players; Ahmedabad based real estate groups as well as local government departments. The operations of the company are managed by Mr. Bhimabhai Modhwadia and Mr. Ramabhai Modhwadia who have experience of more than a decade in the construction segment. They are ably supported by professionals having relevant industry experience to look after day-to-day business operations.

Moderate working capital intensity
The operating cycle of MEPL is lean (FY26: Negative operating cycle & FY25: 3 days) on account of credit period enjoyed from suppliers. MEPL reported receivable period of 63 days (PY: 66 days), inventory holding period of 15 days (PY:32 days) and creditor days of 79 days (PY: 95 days) as on FY26 end. MEPL reported GCA days of 102 days (PY:128 days) as on FY26 end.

Liquidity: Stretched
The liquidity position is stretched, characterized by expected gross cash accrual of ₹2-4 crore against debt repayment obligation of ~₹1 crore p.a. MEPL reported low current ratio of 1.05x as on FY26 end (PY: 1.17x).
The average utilisation of sanctioned working capital limits stood at ~24% in 8 months ending June 30, 2026, indicating liquidity cushion to certain extent. MEPL reported free cash and bank balance of ~₹4.5 crore as on FY26 end.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Construction Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Incorporated in 2014, MEPL is engaged in executing civil construction projects for various private industrial players; Ahmedabad based real estate players as well as local government departments. The operations of the company are managed by Mr. Bhimabhai Modhwadia and Mr. Ramabhai Modhwadia who have experience of more than a decade in the civil construction segment.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (UA)
Total operating income	35.03	50.40
PBILDT	1.06	2.19
Profit after tax (PAT)	0.40	0.71
Overall gearing (x)	0.64	2.22
Interest coverage (x)	5.07	4.18

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

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/Non-fund-based-LT/ST	RBI	Simple	-		-	-	6.00	CARE BB-; Stable / CARE A4

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/Non-fund-based-LT/ST	LT/ST	6.00	CARE BB-; Stable / CARE A4				

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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