

GEE Limited

October 15, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 100 Crore	Regulator[^]
Long Term Rating	IVR BBB/Stable (Rating Upgraded)	RBI
Short Term Rating	IVR A3+ (Rating Upgraded)	RBI
[^] Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

Infomerics Ratings has upgraded the ratings assigned to the bank facilities of GEE Limited to IVR BBB/Stable and IVR A3+. The upgrade has been prompted by the strong recovery in profitability in FY26 which has led to an improvement in capital structure as well as coverage metrics. The factors leading to recovery in margins include change in product mix with a focus on higher margin products as well as improved decision making across functions post settlement between promoter groups in April 2025. Moreover, both revenues and margins are expected to demonstrate further improvement in FY27-FY29 on account of the joint development agreement signed with a real estate development firm for the development of the company's industrial plot in Thane.

The ratings derive strength from the company's diversified customer base, improved profitability, comfortable capital structure and strengthened debt-protection metrics. Additionally, they also factor in the expected improvement in profitability from the company's entry into new product segments and anticipated real-estate revenues, along with the promoters' extensive experience and the company's established operating track record. However, the ratings remain constrained by the susceptibility of profitability to fluctuations in raw-material prices, intense competition and pricing pressure, and the working-capital-intensive nature of operations.

Outlook: Stable

The Stable outlook reflects Infomerics' expectation that GEE Limited will sustain its improved operating performance and maintain a comfortable financial risk profile over the medium term,

supported by its established market position, diversified customer base and adequate liquidity. The outlook further factors in the expected contribution from higher-value product segments and the Thane real-estate development, which should augment cash accruals without materially increasing leverage.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

- **Diversified customer base**

The company has a well-diversified customer base across industries and geographies, supported by its broad portfolio of continuous wires, welding electrodes, flux, welding equipment and related products. The top five customers account for only around 15% of the total customer base, indicating limited dependence on any single customer and low customer-concentration risk. Its extensive distribution network across India and export presence in the Middle East, Southeast Asia and Eastern Europe further diversify its market exposure and revenue base.

- **Improvement in profitability**

The company's TOI increased to Rs. 369.14 crore in FY26 from Rs. 333.84 crore in FY25, returning to the FY24 level of Rs. 369.14 crore. The improvement in FY26 was supported by higher sales volumes, improved product mix resulting in improved average realisations and better operating efficiencies. The revenue decline in FY25 was primarily due to lower product prices, particularly for welding electrodes and saw flux, amid competitive pressures, along with lower exports and reduced order volumes following the tightening of credit terms. The profitability was low in FY25 on account of decision making in key areas such as procurement, human resources, and administration being impacted due to dispute between promoter-shareholders. It was further constrained by higher marketing expenses incurred towards geographical expansion. Profitability improved significantly in FY26 following a settlement between shareholders in April 2025, with absolute EBITDA and PAT increasing to Rs. 33.40 crore and Rs. 13.00 crore,

respectively, from Rs. 0.83 crore and a net loss of Rs. 9.24 crore in FY25. The improvement in FY26 reflects a meaningful recovery in operating performance. The company continued to maintain healthy profitability in Q1FY27, reporting EBITDA and PAT of Rs. 8.00 crore and Rs. 6.85 crore, respectively.

- **Comfortable capital structure and improved debt protection**

The capital structure of the company stood comfortable marked by conservative capital structure. The adjusted TNW of the company improved to Rs. 133.33 crore in FY26 from Rs. 111.02 crore in FY25 on account of accretion to reserves. The adjusted overall gearing ratio improved to 0.51x at the end FY26 from 0.73x at end FY25 on account of improvement in TNW and lower utilisation of working capital at the end of year. In line with this, adjusted TOL/ TNW improved to 0.76x at end FY26 from 1.06x at end FY25. The debt protection metrics of the company marked by DSCR and ISCR improved to 3.18x and 3.95x in FY26 respectively as against 0.17x and 0.09x respectively in FY25. The debt obligations in FY25 were serviced from reserves and from the company's under utilised cash credit facility of Rs.90 crore.

- **Entry into new product segment and real estate revenues to boost profitability**

The company's entry into higher-value product segments and the monetisation of its Thane land parcel are expected to support sustained improvement in profitability and strengthen its business profile. Commercial production of SAW wire and flux commenced in Q1FY27, while the flux-cored wire facility, with an initial capacity of around 300 MT and scalability up to 1,000 MT, is expected to broaden the product mix and improve realisations and margins. Further, the company has entered into a joint development arrangement for a commercial tower on its approximately 1.5 lakh sq. ft. plot at Wagle Estate, Thane, with revenues expected from Q4FY27 onwards. As the development requires no material investment or construction cost from GEE Limited, the resulting high-margin real-estate inflows are expected to augment cash accruals and partly fund future capital expenditure if any, without significant reliance on incremental term debt, thereby supporting leverage and debt-protection metrics.

- **Experienced promoters and established operating track record**

GEE Limited has operated in the welding consumables industry since 1960, while the present promoters have more than four decades of sector experience. Their long-standing relationships with customers and distributors, supported by a pan-India network of around 500 dealers, provide established market access and business continuity.

Weaknesses

- **Susceptibility to raw-material price fluctuations**

Steel and key chemicals constitute major inputs and their prices are inherently volatile. Given intense competition and moderate bargaining power, the company may not be able to pass on cost increases fully or immediately. This exposes operating margins and cash accruals to adverse movements in input prices.

- **Intense competition and pricing pressure**

The welding consumables industry is fragmented, with competition from large organised manufacturers as well as numerous low-cost unorganised players. Competitive pricing constrains the company's ability to protect realisations and margins, while continued spending on geographic expansion and brand development may increase operating costs before commensurate benefits accrue.

- **Working-capital-intensive operations**

The company's operations remain working capital intensive, with an elongated operating cycle of 115 days in FY26 (118 days in FY25), which is primarily driven by inventory holding period of 92 days and debtor days of 49 days. The requirement to maintain adequate inventory and extend credit to customers results in substantial funds being locked in current assets, leading to dependence on working-capital borrowings, including aggregate cash-credit limits of Rs. 90.00 crore, to support day-to-day operations. Accordingly, the company's liquidity and cash flows remain sensitive to efficient management of receivables, inventory and payables. Any further elongation of the working capital cycle, delays in collections or tightening of bank funding could increase reliance on external borrowings, raise finance costs and exert pressure on the company's financial profile.

Liquidity –Adequate

The liquidity position of the company remains adequate, supported by a current ratio of 2.28x as on March 31, 2026 (refers to period from 1st April to 31st March), compared with 1.27x as on March 31, 2025. Cash flow from operations is expected to remain sufficient to meet the scheduled debt repayment obligations (~Rs.1.75cr in FY27, ~Rs.7.92cr in FY28 and ~5.76cr in FY29), thereby providing adequate debt-servicing cushion. Further, the average utilisation of fund-based

working-capital limits of Rs.90cr during the last 12 months ended July 2026 stood at ~43%, indicating adequate headroom in the sanctioned limits.

Rating Sensitivities

Upward Factors

- A sustained increase in scale of operations and profitability, with total operating income remaining above Rs.500 crore, EBITDA margin maintained above 12% and healthy cash accruals, while retaining the established market position and diversified customer and product profile.
- A sustained improvement in the financial risk profile, marked by adjusted overall gearing remaining below 0.50x, interest coverage above 3.00x and DSCR above 4.00x, along with a meaningful reduction in the operating cycle below 100 days and maintenance of adequate liquidity.

Downward Factors

- A sustained decline in revenue or operating profitability, including EBITDA margin falling below 7%, resulting in weakening cash accruals and debt-servicing ability.
- Deterioration in the capital structure or debt protection metrics, with adjusted overall gearing rising above 1.00x, interest coverage falling below 2.00x or DSCR falling below 1.50x.
- Elongation of the operating cycle beyond 130 days, arising from higher inventory or receivables, or any material decline in bank-limit availability, current ratio or liquidity that constrains timely debt servicing.

About the Company

GEE Limited was founded in 1960 in Thane, Maharashtra to undertake manufacturing of welding electrodes and equipment in technical collaboration with Griesheim GmbH of Germany. In 1996, the company was acquired by the current promoters and was renamed GEE Limited. Post takeover, GEE Limited diversified into the manufacture of a variety of welding electrodes and wires, with a plant in Kalyan, Maharashtra, in 2008, and another in Howrah, West Bengal, in 2009. GEE has a pan-India presence with a robust distribution network of around 500 dealers and has emerged one of market leader in welding products. It also exports globally, though its international distribution network is more limited, with about 25 distributors. It sells its products

under brand name 'Ferroseal'. The company is currently headed by Mr. Umesh Agarwal, Mr. Om Prakash Agarwal, Ms. Payal Agarwal and is assisted by qualified and experienced management and staff in day-to-day operation

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026	Q1FY2026
	Audited	Audited	Unaudited
Total Operating Income	333.84	369.14	102.86
EBITDA	0.83	33.40	8.00
PAT	-9.24	13.00	6.85
Total Debt	81.39	66.78	-
Tangible Net Worth (TNW)	120.54	144.44	-
EBITDA Margin (%)	0.25	9.05	7.78
PAT Margin (%)	-2.77	3.51	6.66
Overall Gearing (times)	0.68	0.46	-
Interest Coverage (times)	0.09	3.95	-

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Applicable Criteria

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

Status of non-cooperation with previous CRA: Nil.

Any other information: Nil.

Rating History for last three years

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstandi ng (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in in 2023- 24
					August 08, 2025	November 12, 2024	-
1.	Fund based facilities	LT	90.00	IVR BBB/ Stable	IVR BBB- /Stable	IVR BBB/ Stable	-
2.	Non-fund-based facilities	ST	10.00	IVR A3+	IVR A3	IVR A3+	-

**Annexure 1: Instrument/Facility Details**

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator [^]	Comple xity Indicat or
Cash Credit	-	-	-	-	25.00	IVR BBB/ Stable	NA	RBI	Simple
Cash Credit	-	-	-	-	25.00	IVR BBB/ Stable	NA	RBI	Simple
Cash Credit	-	-	-	-	40.00	IVR BBB/ Stable	NA	RBI	Simple
Letter of Credit	-	-	-	-	5.00	IVR A3+	NA	RBI	Simple
Bank Guarantee	-	-	-	-	5.00	IVR A3+	NA	RBI	Simple

[^]Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/len_GEE_oct26_692f9ba514.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable.**Annexure 4: List of companies considered for Consolidated/Combined analysis: Not Applicable.****Annexure 5: List of activities / instruments and names of regulators**

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* \$	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI



11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	+
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side Regulator such as IRDAI, PFRDA @

Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

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