



## Press Release

**GEE Limited**  
**August 08, 2025**

### Ratings

Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long-term Bank Facilities	90.00	IVR BBB-/ Stable (IVR triple B minus with Stable outlook)	IVR BBB/ Stable (IVR triple B with Stable outlook)	Rating downgraded	<a href="#">Simple</a>
Short-term Bank Facilities	10.00	IVR A3 (IVR A three)	IVR A3+ (IVR A three plus)	Rating downgraded	<a href="#">Simple</a>
<b>Total</b>	<b>100.00</b> <b>(Rupees One hundred crore only)</b>				

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

### Detailed Rationale

The downgrade of the ratings assigned to the bank facilities of GEE Limited (GEE) considers significant deterioration in the financial performance of the company in FY25 (refers to period April 1st, 2024 to March 31st, 2025). However, the ratings continue to derive strength from experienced promoters with long track record of operations, diversified customer base and conservative leverage indicators. However, these rating strengths are partially offset by steady decline in topline in last two years, significant net losses witnessed during FY2025, weakened debt coverage indicators, volatile raw material prices and intense competition in the industry.

The long-term rating outlook is Stable on the back of favourable demand outlook of the respective industry coupled with experienced promoters.

### Key Rating Sensitivities:

#### Upward Factors

- Significant growth in topline and substantial increase in profit on a sustained basis
- Improvement in liquidity with improvement in operating cycle

#### Downward Factors

- Subdued financial performance in the current fiscal depicted by continued losses thereby impacting the cash accruals of the company
- Elongation in operating cycle with moderation in liquidity

### List of Key Rating Drivers with Detailed Description



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### Key Rating Strengths

- **Experienced promoters with long track record of operations**

The promoters have been engaged in the welding materials industry for over four decades, resulting in a deep understanding of its dynamics. This extensive experience has enabled them to build a robust customer base across various industries and establish an extensive distribution network.

- **Diversified customer base**

PCI's manufacturing facility is located at Dankuni (Hooghly) in West Bengal. The area is manufacturing hub of engineering and electrical industries and is in close proximity to delivery points of major raw material supplier and well connected by road and rail. Accordingly, proximity to the source of raw materials & end user market with easy connectivity provides a competitive edge.

- **Conservative leverage indicators**

GEE's adjusted gearing and long-term debt equity ratio stood at 0.73 times and 0.10 times, respectively, as of March 2025 and 0.67 times and 0.10 times, respectively, as of March 2024. Adjusting long pending debtors of Rs. 9.52 crore, the adjusted net worth was at Rs. 111.02 crore as on March 2025. Total indebtedness of the company, reflected by adjusted TOL/TNW, stood adequate at 1.06 times as on March 2025 as against 0.98 times as on March 2024, albeit the moderation in operating performance.

### Key Rating Weaknesses

- **Steady decline in topline in last two years**

GEE witnessed a steady decline in topline from Rs. 395.66 crore in FY23 (refers to period April 1st, 2022 to March 31st, 2023) to Rs. 369.14 crore in FY24 (refers to period April 1st, 2023 to March 31st, 2024) and dipped further to Rs. 333.84 crore in FY25. This dip was mainly due to a reduction in product prices, including welding electrodes and saw flux due to competitive pressures, decline in exports, and reduced orders stemming from tightening of credit terms by the company.

- **Significant net losses witnessed during FY2025**

In FY25, EBDITA dropped sharply from Rs. 29.52 crore in FY24 to Rs. 0.83 crore in FY25, primarily due to increase in procurement, employee, and administrative expenses. Additionally, lower operating scale—impacted by a nationwide decline in steel prices—



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resulted in under-absorption of fixed costs. Consequently, the company reported a net loss of Rs. 9.24 crores in FY25 as against net profit of Rs. 12.86 crore in FY24. Further, increased marketing expenses aimed at geographical expansion further pressured margins. The company witnessed cash loss of Rs. 7.27 crore in FY25 from a positive net cash accrual of Rs. 16.75 crore in FY24. Infomerics would continue to monitor the financial performance of the company closely and the financial performance of current fiscal would be a key rating monitorable.

- **Weakened debt coverage indicators**

The debt coverage indicators have significantly weakened in FY25. Interest coverage ratio witnessed sharp deterioration from 3.61 times as on March 2024 to 0.09 times as on March 2025 with substantial drop in operating profit of GEE. The total debt/ NCA of the company was negative at -11.19 times as on FY2025 due to the cash losses.

- **Volatile raw material prices**

The price of steel and key chemicals is highly volatile. and therefore, profitability is vulnerable to fluctuations in raw material prices. Furthermore, given the fragmented nature of the industry, GEE has moderate bargaining power, which limits its ability to fully pass on cost increases to customers or retain the benefits when prices decline.

- **Intense competition in the industry**

The welding electrodes industry is highly competitive, with the presence of large unorganized players. The organized sector includes well-established companies with advanced technology and a broad product range, while the unorganized sector focuses on low-cost production, offering competitive prices.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

**Liquidity – Adequate**



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The liquidity position of the company is expected to remain adequate marked by generation of cash accruals sufficient to meet debt obligations from FY26-FY28. The current ratio stood above unity at 1.27x in FY25. Further, absence of any debt funded capex provides comfort to the liquidity position.

### **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 operations.

### **Financials (Standalone):**

For the year ended/ As on*	(Rs. crore)	
	31-03-2024	31-03-2025
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	369.14	333.84
EBITDA	29.52	0.83
PAT	12.86	-9.24
Total Debt	81.61	81.39
Adjusted Tangible Net Worth	121.74	111.02
EBITDA Margin (%)	8.00	0.25
PAT Margin (%)	3.48	-2.77
Adjusted Overall Gearing Ratio (x)	0.67	0.73
Interest Coverage (x)	3.61	0.09

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Nil

**Rating History for last three years:**



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Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 (Nov. 12, 2024)	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Cash Credit	Long Term	90.00	IVR BBB-/ Stable	IVR BBB/ Stable	-	-
2.	Letter of Credit	Short Term	5.00	IVR A3	IVR A3+	-	-
3.	Bank Guarantee	Short Term	5.00	IVR A3	IVR A3+	-	-

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### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### 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
Cash Credit I	-	-	-	-	25.00	IVR BBB-/ Stable
Cash Credit II	-	-	-	-	25.00	IVR BBB-/ Stable
Cash Credit III	-	-	-	-	40.00	IVR BBB-/ Stable
Letter of Credit	-	-	-	-	5.00	IVR A3
Bank Guarantee	-	-	-	-	5.00	IVR A3

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-GEE-aug25.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**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).