

September 10, 2025

G R Engineering Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Term loan	30.00	30.00	[ICRA]BBB+ (Stable); reaffirmed
Total	30.00	30.00	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation favourably factors in the established position of G R Engineering Pvt Ltd (GREPL) as an engineering, procurement and construction (EPC) company and a fabricator for equipment/machinery in the capital goods sector, aided by national/international certifications, and its approved vendor status for major customers. The company has executed orders for several major refineries of the country belonging to leading clients like Indian Oil Corporation Limited {IOCL, rated [ICRA]AAA (stable)/[ICRA]A1+}, Bharat Petroleum Corporation Limited {BPCL, rated [ICRA]AAA (Stable)} and Numaligarh Refinery Limited (NRL). The company is also serving catering to leading private sector petrochemical companies as its clients. The rating considers the extensive experience of the promoters in heavy engineering for the process industries and a strong order book of ~Rs. 1,427 crore as on August 31, 2025, which lends healthy revenue visibility over the near to medium term. The rating also factors in the company's comfortable financial risk profile, supported by a healthy order inflow and its execution over the last couple of years.

The rating, however, is constrained by the high working capital intensity of the operations over the past few years as the order profile largely includes public sector undertakings (PSUs). ICRA expects the working capital intensity to remain elevated in the near to medium term. Additionally, the refinery/petrochemical business is dominated by select established public and private sector companies, resulting in client concentration risk. At present, nearly 80% of the outstanding order book is contributed by two major projects being executed by the company. While the credit profile of the companies served by GREPL remains strong, the significant dependence on these projects will keep GREPL's performance susceptible to the overall timely progress of these projects.

Further, there is intense competition in the capital good sector from established domestic players due to the tender-driven nature of the business, which may impact GREPL's profitability. While GREPL has been able to manage the raw material price variation, a major part of its order book comprises fixed-priced contracts, which exposes the company to the volatility in raw material prices.

The Stable outlook on the rating reflects ICRA's opinion that GREPL's credit profile will remain stable, going forward, supported by its established track record which should enable it to maintain a healthy order book and ensure its timely execution, thereby aiding a steady cash generation.

Key rating drivers and their description

Credit strengths

Demonstrated track record in EPC business - GREPL is an established player in the fabrication industry with a track record of more than five decades. The company is promoted by Mr. R D Hariani, who has been leading the company since 1990. GREPL is on the approved vendor list for most large PSUs and private sector entities and also has national and international quality certifications. The company has executed several projects in the manufacturing and installation of process equipment in

various refineries and petrochemical plants in India and overseas. This track record enables GREPL to pre-qualify for large-sized orders, strengthening its competitive edge.

Reputed client profile - The refinery/petrochemical industry is dominated by select established public sector and private sector companies having strong credit risk profiles. GREPL is able to mitigate the counterparty credit risk by selectively bidding for projects having strong sponsors, which are usually government-controlled companies.

Healthy order book position - GREPL had an order book of Rs. 1,427 crore as on August 31, 2025, providing healthy revenue visibility over the near to medium term. Besides, the company has a strong bid pipeline. The order book comprises contracts from large oil marketing and refinery companies with strong credit profiles. The current order book is to be executed over the next 18-24 months. Given the track record of the company and the current bid pipeline, ICRA expects GREPL to maintain a healthy order book which should support the scale of operations, cash flow generation and the credit profile, going forward.

Credit challenges

Profitability exposed to volatility in raw material prices and highly competitive industry - The company's contracts are usually fixed price in nature with a long tenor of execution and, thus, its profitability remains exposed to raw material price volatility. However, the company tries to mitigate the raw material price risk by building in adequate contingencies during bidding for the contracts and also makes efforts to enter into back-to-back contracts with raw material suppliers, mainly for steel, shortly after a contract is awarded, thereby locking the raw material price for the tenor of the contract. GREPL faces intense competition from established well-known EPC players having substantially large scale of operations, besides the relatively smaller players. As the orders are awarded through the global tendering process, the competition is intense for these orders and can result in pricing pressures.

High working capital intensity due to elongated receivable cycle - GREPL's receivable days (excluding unbilled revenue which is part of the current assets) have remained elevated in the last few years, ranging from 159 days to 256 days at the end of FY2025. The company has high debtor days (256 days in FY2025), given the nature of its operations, supported to some extent by the high creditor days (425 days in FY2025) and customer advances. The company's inventory levels have been historically high owing to the lengthy order execution cycle, which entails multiple inspections at various stages of execution. The debtor days are high as the inspections certifying work completion usually happen towards the end of the year. Nonetheless, as the customers of GREPL have strong credit profiles, the counterparty credit risk is mitigated to a large extent. However, any elongation in the receivable period or a further inventory build-up may put additional strain on the working capital profile, and hence, will remain a key monitorable.

Exposure to sectoral and client concentration risk - GREPL has high customer concentration with ~80% of the order book concentrated on orders from two projects i.e. the Numaligarh Refinery project and the petrochemical expansion project of the Bina refinery under Bharat Petroleum Corporation Limited (BPCL). Moreover, the entire order book is catering to the refining/petrochemical sector. While the company has been bidding for tenders in other segments as well, the current order book remains concentrated towards the refining and petrochemical sectors. As a result, the company's order inflows remain exposed to the cyclicity in the capex cycle of these sectors. Additionally, any delays in the execution of these projects at the client's end may also extend the execution period for GREPL. Nonetheless, considering the Government's emphasis on capital expansion among Indian refineries, the sectoral concentration is less likely to impact GREPL's order inflow in the near term.

Liquidity position: Adequate

GREPL's liquidity profile is expected to remain adequate, supported by Rs. 7.3 crore of unencumbered cash as on March 31, 2025, and cushion in the fund-based limits which have been utilised to the extent of 33% on an average for the 12 months ended March 2025. The liquidity position is expected to remain adequate on expectation of a net cash accrual of Rs. 40-42 crore in FY2026, debt tie-up in place for the capex being undertaken at the Vengni plant and the modest debt repayments vis-à-vis the net cash accruals. The company's working capital requirements are also supported by its back-to-back arrangements

with its suppliers, which result in billing by the suppliers once GREPL has been able to bill its customers, thereby resulting in a balance in the working capital funding.

Rating sensitivities

Positive factors – A material increase in the order book position would support a material increase in the scale of operations and profitability, leading to an upgrade. A sustained improvement in the working capital intensity, resulting in an improvement in the overall liquidity position, may also result in an upgrade.

Negative factors – A slower-than-expected execution of the order book and/or a slower inflow of incremental orders resulting in a moderation in the scale of operations on a sustained basis may result in a downgrade. A higher-than-expected working capital intensity, and/or a higher-than-expected debt-funded capex resulting in a moderation of the liquidity position may weigh on the rating. A specific credit metric for downgrade would be an interest coverage ratio below 3.0x on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

G. R. Engineering Private Limited (GREPL) is flagship company of the G. R. Group and is engaged in the business of heavy engineering, procurement and construction of custom-made equipment for the process industries, which primarily includes refineries, petrochemicals and fertilisers. The clientele of GREPL includes mainly public sector refineries such as IOCL, BPCL, HPCL, MRPL, NRL and joint sector projects like HMEL, RIL etc. The company started its operations by setting up a fabrication unit at Andheri (Mumbai) under the name G. R. Engineering Works Ltd. in 1967. Subsequently, the company shifted its fabrication base to Tarapur MIDC in 1987. The unit at Tarapur MIDC is a modern workshop equipped with the latest machinery.

Apart from the Tarapur unit, GREPL has acquired an additional ~17-acre land in Vengani (GIDC, Dahej). The company plans to build another fabrication unit as this land parcel is located on a river front. As the company manufactures oversized, over-dimensional equipment, significant cost has to be incurred for the transportation of these equipment. As the proposed fabrication shop will be on the waterfront, the transportation by inland vessels/barges will save time and cost.

Till April 2008, both the non-engineering and engineering businesses were carried out under the name of G.R. Engineering Works Limited. Subsequently, as part of an organisational restructuring, the company's engineering activity was demerged from the non-engineering activities with effect from May 1, 2008. Its core business of heavy engineering activity was shifted to GREPL and other non-engineering activities (mainly real estate business) to GREW Industries Limited (Group entity).

Key financial indicators

GREPL Standalone	FY2024	FY2025
Operating income	461.8	503.9
PAT	31.2	35.2
OPBDIT/OI	9.1%	10.5%
PAT/OI	6.8%	7.0%
Total outside liabilities/Tangible net worth (times)	1.7	1.8
Total debt/OPBDIT (times)	3.0	1.8
Interest coverage (times)	3.3	5.3

Source: Company, ICRA Research;; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA:

CRISIL Ratings continues to keep the rating of GREPL in the 'Issuer not cooperating' category vide its press release dated March 26, 2025, due to non-submission of the relevant information.

Any other information: None

Rating history for past three years

Current (FY2026)			Chronology of rating history for the past 3 years						
			FY2025		FY2024		FY2023		
Instrument	Type	Amount rated (Rs. crore)	Sep 10, 2025	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	30.00	[ICRA]BBB+ (Stable)	11-Sep-2024	[ICRA]BBB+ (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan	-	NA	NA	30.00	[ICRA]BBB+ (Stable)

Source: Company; Proposed term loan

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

ANALYST CONTACTS

Girishkumar Kadam

+91 22 6114 3441

girishkumar@icraindia.com

Prashant Vasisht

+91 124 4545 322

prashant.vasisht@icraindia.com

Varun Gogia

+91 98 7115 6542

varun.gogia1@icraindia.com

Aryan Jaiswal

+91 77 6184 2638

aryan.jaiswal@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.