

## Teemage Builders Private Limited

April 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	120.00	CARE BBB; Stable	Reaffirmed
Long-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating assigned to bank facilities of Teemage Builders Private Limited (TBPL) continues to derive strength from the vast experience of the promoter in construction sector, comfortable capital structure and debt coverage indicators, technological intensiveness of manufacturing facilities, reputed clientele with end-to-end construction solutions. However, the rating is constrained by cyclical construction industry, geographical concentration risk and limited orderbook visibility.

CARE Ratings Limited (CARE Ratings) has withdrawn the rating assigned to one of TBPL's long-term bank facilities with immediate effect, as the company has repaid the aforementioned term loan in full and there is no amount outstanding under the facility as on date.

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

#### Positive factors

- Improvement in scale of operations above ₹550 crores.
- Improvement in total debt/gros cash accruals (TD/GCA) below 2.50x.

#### Negative factors

- Deterioration in overall gearing above 1.50x.
- Major delays in executing bigger projects, impacting the liquidity position.

### Analytical approach: Standalone

### Outlook: Stable

The stable outlook reflects TBPL is expected to sustain its operational performance deriving benefit from the vast experience of promoter and being part of the larger 'Chennai Silks' group.

### Detailed description of key rating drivers:

#### Key strengths

##### Established promoter group and vast promoter experience in construction industry

TBPL was established by N K Nandhagopal, who belongs to the Chennai Silks family. He was the executive director-projects of the Chennai Silks group before it was demerged in April 2010. N K Nandhagopal has over three decades of experience in the construction industry and headed the construction activities of the Chennai Silks group; he has been instrumental in bagging new projects for the company.

##### Design and technological intensiveness of the manufacturing facility

TBPL has four manufacturing facilities at Kangeyam, Kancheepuram, and Tuticorin in Tamil Nadu and Nalgonda in Telangana. The facility in Kangeyam spans over 22 acres, with 100,000 sq ft of factory's built-up area. All these facilities are well connected with roads for easy transit and supply of precast materials and access to suppliers. All units are equipped with state-of-the-art machinery imported from Germany, such as batching mixing plant having planetary mixers from Wiggert & Co, Germany, and other automated machines and systems, automatic concrete shuttles, concrete spreaders, surface smoothing machines, vertical casting machines, and tilting tables among others. The quality of units and production are periodically tested by IIT-Chennai and the faculty of the Anna University, Chennai. Superintending engineers from the Central Public Works Department (CPWD) and state PWD inspect manufactured goods in the factory every month.

##### Growth in scale of operations, despite limited orderbook visibility

The company's scale of operations reported year-over-year (y-o-y) growth of 11% with total operating income (TOI) of ₹343.75 crore with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of 10.11% and generated TOI of

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

₹283.00 crore in 9m FY25 (from April 01 to December 31) with PBILDT margin of 9.65% considering healthy execution of the projects. However, the company's order book position has moderated to ₹325.56 crore, (0.95x of FY24 TOI) as on March 20, 2025, against an orderbook position of ₹661.00 crore (2.13x of FY23 TOI) limiting the company's revenue visibility.

### **Wide product portfolio and reputed clientele**

TBPL offers precast construction materials such as hollow-core slabs, pre-stressed beams, columns, wall panels, stairs, scaffoldings with measures and scales basis customer preference. The company offers total construction solutions in design, production, transportation, and erection, using in-house teams and equipment. The company has longstanding relationship with its supplier base, including prominent names such as JSW Cement and Dalmia Cement among others, helping it source raw materials at competitive prices. The order book comprises reputed clientele such as Airports Authority of India (AAI), Indian Institute of Technology (IIT) and National Institute of Technology (NIT) among others. The company has previously implemented projects of TVS Motors, CPWD and CRPF among others.

### **Comfortable capital structure and debt coverage indicators**

TBPL's capital structure is comfortable, with the overall gearing ratio of 0.66x as on March 31, 2024, compared to 1.15x on March 31, 2023. This enhancement in net worth is attributed to the subordination of a promoter loan amounting to ₹38.84 crore as on March 31, 2024. The interest coverage ratio improved to 4.08x (PY: 3.99x), and the TD/GCA ratio also saw an improvement, dropping to 4.11x from 6.18x in the previous year.

### **Key weaknesses**

#### **Geographically concentrated orderbook position**

As on March 20, 2025, ~77% TBPL's total unexecuted orders is from Andhra Pradesh, Telangana and Tamil Nadu, making it vulnerable to socio-economic risks in the region. Previously, a significant portion of the company's revenue was concentrated in Tamil Nadu, however, over the last two years, the company has expanded its operations to other states outside Tamil Nadu. The company has partnered with Takenaka Corporation, a renowned precast construction firm from Japan, to execute projects in northern states, despite smaller contract values.

#### **Intensely competitive civil construction industry**

TBPL receives its work orders from private companies, government and quasi-government departments/companies. All these are tender-based, and the revenues depend on the company's ability to bid successfully for these tenders. There are numerous fragmented and unorganized players operating in the industry which makes the civil construction space highly competitive.

#### **Liquidity: Adequate**

Liquidity is adequate marked by accruals of ₹22.93 crore against ₹17.34 crore of repayment obligations. The cash balance as on March 31, 2024, is ₹16.22 crore, which includes lien marked deposits of ₹6.79 crore. The average fund-based utilisation of the last 12 months ending December 2024 is at 88% and average non-fund-based utilisation stands at 70%. The company provide 15-30 days credit period once invoice is raised and gets a credit period of 60 days from its suppliers. The operating cycle improved to 97 days in FY24 against 114 days in FY23.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

### **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](#)

[Infrastructure Sector Ratings](#)

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

## Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

TBPL, established by N K Nandhagopal, who previously led the projects division of the former Chennai Silks group before its demerger in April 2010, specialises in manufacturing and sale of precast materials. The company provides comprehensive construction solutions, including design, production, transportation, and erection. TBPL operates four state-of-the-art manufacturing facilities equipped with advanced technology and imported machinery.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9m FY25 (UA)
Total operating income	309.84	343.75	283.00
PBILDT	29.88	34.77	26.93
PAT	7.88	10.43	NA
Overall gearing (times)	1.15	0.66	NA
Interest coverage (times)	3.99	4.08	5.77

A: Audited UA: Unaudited NA: Not available; 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		-	-	-	55.00	CARE BBB; Stable
Fund-based - LT-Term Loan		-	-	March 2024	0.00	Withdrawn
Non-fund-based - LT-Bank Guarantee		-	-	-	65.00	CARE BBB; Stable

**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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	-	-	1)CARE BBB; Stable (05-Apr-24)	-	1)CARE BBB-; Stable (29-Mar-23)	1)CARE BBB-; Stable (28-Mar-22) 2)CARE BBB-; Stable (05-Apr-21)
2	Fund-based - LT-Cash Credit	LT	55.00	CARE BBB; Stable	1)CARE BBB; Stable (05-Apr-24)	-	1)CARE BBB-; Stable (29-Mar-23)	1)CARE BBB-; Stable (28-Mar-22) 2)CARE BBB-; Stable (05-Apr-21)
3	Non-fund-based - LT-Bank Guarantee	LT	65.00	CARE BBB; Stable	1)CARE BBB; Stable (05-Apr-24)	-	1)CARE BBB-; Stable (29-Mar-23)	1)CARE BBB-; Stable (28-Mar-22) 2)CARE BBB-; Stable (05-Apr-21)

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** 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	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT-Bank Guarantee	Simple

**Annexure-5: Lender details**

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

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

### Contact us

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