

Termico Engineers & Erectors Private Limited

June 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	12.43	CARE B+; Stable	Assigned
Long Term / Short Term Bank Facilities	7.57	CARE B+; Stable / CARE A4	Assigned
Short Term Bank Facilities	5.00	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Termico Engineers & Erectors Private Limited (TEEPL) factors in modest scale of operations, low net-worth base and limited track record of operations. Further, the ratings are constrained by susceptibility of margins towards construction material price volatility, tender driven nature of business and highly competitive industry. The credit profile derives comfort from wide experience of promoters in the industry, moderate profitability margins, moderate capital structure & debt coverage indicators and moderate order book position of TEEPL, providing medium term revenue visibility.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- A substantial increase in the scale of operations, as marked by total operating income of above Rs 70 crore with PBILDT margin above 6.00% on a sustained basis.

Negative factors

- Decline in scale of operations and the profitability margins as marked by the PBILDT margin of below 4.00% on a sustained basis.
- Deterioration in the capital structure as marked by the overall gearing ratio of above 2.50x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects that the firm will continue to benefit from the long-standing experience of promoters in the industry.

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operations

The total operating income (TOI) of the company remained modest at Rs. 53.89 crore (PY: Rs.43.18 crore) in FY25 (refers to the period from April 01, 2024 to March 31, 2025). The modest scale limits the company's financial flexibility in times of stress and deprives it of scale benefits.

Low net-worth base

The net worth base of the firm stood low at Rs. 9.64 crores as on March 31, 2025 (PY: Rs.6.53 crore). The improvement in net worth was primarily on account of accretion of reserves. During FY24 & FY25, Unsecured loans from promoters of Rs 3.33 crore are treated as quasi equity supported by the latest sanction letter.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Limited track record of operations

Since TEEPL has only been operational for a few years, it is still in the process of establishing its market position and brand reputation due to limited track record. However, the promoters are well experienced in the industry, leading to established relationships with its customers and suppliers.

Highly competitive industry

TEEPL operates in a competitive construction industry, contending with both organized and unorganized competitors due to the low barriers to entry. Numerous small and regional players serve the same market, which has reduced the company's bargaining power and put pressure on its margins.

Susceptibility of margins towards construction material price volatility

The entity's operating margin is vulnerable to sudden increases in the prices of input materials, as well as rising labour costs, given the labour-intensive nature of the industry. However, majority of the contracts have price escalation clause, which allows the company to pass on the incremental input materials and other costs to its customers.

Tender driven nature of business

TEEPL's revenue stream relies on tender-based projects, making its success dependent on securing these contracts. The intense industry competition exerts significant pressure on profit margins. However, the promoters' extensive experience in the construction industry help mitigate this risk.

Key strengths

Experienced Promoters

TEEPL's promoters have more than three decades of experience in engineering construction industry, which has helped the company to secure regular orders. Over the years, the company has expanded its operations into different states in India. TEEPL has established strong relationships with its customers, aiding in securing high value orders.

Moderate though concentrated order book position

As on April 10, 2025, TEEPL has order book of Rs. 191.85 crore which is expected to be completed by July 2028. The order book to TOI for FY24 stood moderate at 4.4x, translating into strong revenue visibility over short to medium term. The orderbook is highly concentrated with a single order constituting ~67% of the total orders in hand, however, this order is from Bharat Heavy Electricals Limited, which significantly minimizes the counterparty risk due to their strong reputation and stability.

Moderate profitability margins

TEEPL's operating profitability exhibited stood moderate with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin within the range of 6-9% in the past three years ended FY25. The profitability margin of the firm stood moderate as reflected by PBILDT and PAT margin of 7.30% (PY: 5.94%) and 3.26% (PY: 2.23%) respectively in FY25. The improvement in the profitability in FY25 was on account of execution of contracts offering better margins.

Moderate capital structure and debt coverage indicators

The entity's capital structure stood moderate, as marked by an overall gearing of 1.52x as on March, 31, 2025 (1.20x as on March, 31, 2024) with high reliance on external debt, largely for working capital needs. The debt profile comprises working capital debt and term loans. The total outside liabilities to net worth stood high at 3.23x as on March, 31, 2025 (3.99x as on March, 31, 2024). The deterioration in capital structure was on account of higher utilisation of working capital limits. Debt coverage indicators stood moderate as marked by interest coverage of 2.34x in FY25 (2.43x in FY24) and total debt to GCA (TD/GCA) of 6.95x in FY25 (6.26x in FY24).

Liquidity: Stretched

Liquidity is stretched, marked by tightly matched accruals vis-à-vis repayment obligations. TEEPL has generated gross cash accruals of Rs. 2.11 crore in FY25 (A) and is expected to generate GCA of Rs 2.64 crores in FY26 against repayment obligations of around Rs. 2.04 crore in the same year. Further, the company has low unencumbered cash and bank balances of Rs. 0.17 crore as on March 31, 2025. The net working capital cycle stood elongated at 122 days in FY25 (FY24: 115 days) majorly on account of high inventory days of 142 days (PY:128 days). The company is not planning to incur any major capex in the near to medium term. Fund based working capital utilisation stood fully utilised during the last 12 months ending May 31, 2025.

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

Termico Engineers & Erectors Private Limited (TEEPL), based in Mohali, Punjab, was incorporated on May 13, 2019, by Mr. Unnikrishnan Pillai. Initially founded as a proprietary firm named "Thermal Engineers and Erectors" in 2004, it was rebranded to its current name in 2019. TEEPL is involved in EPC (Engineering, Procurement, and Construction) work, offering comprehensive solutions encompassing project planning, execution, monitoring, management, safety oversight, testing and quality assurance across sectors such as power, oil and gas, water infrastructure, industry development, and telecommunications. The company is headquartered in Mohali, Punjab.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	43.18	53.90
PBILDT	2.57	3.94
PAT	0.71	1.61
Overall gearing (times)	1.20	1.52
Interest coverage (times)	2.43	2.34

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

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-Term Loan		-	-	31/03/2027	0.43	CARE B+; Stable
Fund-based-Long Term		-	-	-	12.00	CARE B+; Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	7.57	CARE B+; Stable / CARE A4
Non-fund-based - ST-Bank Guarantee		-	-	-	5.00	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 2025-2026	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
1	Fund-based/Non-fund-based-LT/ST	LT/ST	7.57	CARE B+; Stable / CARE A4				
2	Fund-based-Long Term	LT	12.00	CARE B+; Stable				
3	Fund-based - LT-Term Loan	LT	0.43	CARE B+; Stable				
4	Non-fund-based - ST-Bank Guarantee	ST	5.00	CARE A4				

LT: Long term; ST: Short term; LT/ST: Long term/Short 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-Term Loan	Simple
2	Fund-based-Long Term	Simple
3	Fund-based/Non-fund-based-LT/ST	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the 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 for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Puneet Kansal Director CARE Ratings Limited Phone: 120-4452018 E-mail: puneet.kansal@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Dhruv Mittal Assistant Director CARE Ratings Limited Phone: 91-120-4452050 E-mail: dhruv.mittal@careedge.in
	Naincy Barnwal Lead Analyst CARE Ratings Limited E-mail: Naincy.barnwal@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CARE and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.