# Tembo Global Industries Limited

October 03, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Long-term bank facilities | 285.99 (Enhanced from 149.85) | CARE BBB-; Negative | Reaffirmed; Outlook revised from Stable |
| Long-term / Short-term bank facilities | 15.00 (Enhanced from 5.00) | CARE BBB-; Negative / CARE A3 | Reaffirmed; Outlook revised from Stable |
| Short-term bank facilities | 84.36 (Enhanced from 65.50) | CARE A3 | Reaffirmed |

Details of instruments/facilities in Annexure-1.

## Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of Tembo Global Industries Limited (TGIL) factors in significant increase in scale of operations with improvement in profitability margins in FY25 (FY refers to April 01 to March 31) and Q1FY26 (Q1 refers to April 01 to June 30). Ratings continue to derive strength from experienced promoters, established track record in manufacturing pipe hangers and pipe support systems and yarn trading business and sizable orderbook position from engineering, procurement, and construction (EPC) depicting revenue visibility in near term and adequate liquidity position.

However, rating strengths are tempered by high risk associated with planned unrelated greenfield debt funded capex which is expected to result in moderation of capital structure and debt coverage indicators in the near-to-medium term. TGIL is undertaking aggressive debt funded capex in solar independent power producer (IPP) and defence sector under its subsidiaries for which timely funding, completion and stabilisation remains key credit monitorable. Ratings further constrained due to its working capital intensive operations, profitability susceptible due to raw material price volatility and foreign exchange fluctuation risk.

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

### Positive factors

- Significant increase in scale of operations and improvement in profit before interest, lease rentals, depreciation and taxation (PBILDT) margin exceeding 15% on a sustained basis.
- Improvement in the capital structure with adjusted overall gearing reaching below 1.2x on a sustained basis.
- Successful completion and stabilisation of ongoing capex with no major cost and time overrun.

### Negative factors

- Deterioration in overall gearing above 2x and total debt to PBILDT exceeding 4.50x on a sustained basis.
- Elongation in operating cycle above 120 days on a sustained basis.
- Inability to tie up of funds in the form of equity and envisaged debt timely and/or delay in completion of the envisaged capex / cost overrun impacting the liquidity profile.

## Analytical approach:

CARE Ratings Limited (CareEdge Ratings) has taken a consolidated view of TGIL and its subsidiaries and associates. The subsidiaries include Tembo Global Solar Power Private Limited, Tembo Dynamic Solutions Private Limited, Tembo Renewal Energy Private Limited, Tembo Global Solar Power Mumbai Private Limited, Tembo PES JV Private Limited, Tembo Defence Products Private Limited and Tembo LLC. TGIL has an associate company, Tembo PES JV and a joint venture (JV) entity Tembo Global Infra Limited. Consolidated view has been taken considering TGIL has control over the management and operations of subsidiaries and associates with strong financial synergies among them and common treasury operations. Details of entities considered for consolidation are listed under Annexure-6.

**Outlook:** Negative

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

The "Negative" outlook on long-term ratings reflect CareEdge Ratings' expectation of moderation in capital structure and debt coverage indicators over the medium term due to aggressive unrelated debt funded expansion plans of the company in solar and defence sectors. The outlook may be revised to stable if TGIL successfully completes and stabilise the solar capex in given timeline and shows healthy progress under defence capex completion as envisaged levels.

## Detailed description of key rating drivers:

### Key strengths

**Experienced promoters in manufacturing pipe hangers and pipe support systems**

TGIL's overall operations are looked after by the promoters, Mr. Sanjay Patel and Mr. Shabbir Kachwala (husband of Mrs. Fatema Kachwala, whole time director in TGIL), who possess a total experience of over two decades in manufacturing different engineering and electrical products. Prior to TGIL's incorporation, Mr. Sanjay Patel was involved in his own business, Tembo Exim Private Limited, engaged in trading different types of pipes. On the other hand, Shabbir Kachwala possesses the requisite experience in manufacturing pipe hangers and pipe support systems. Hence, extensive experience of promoters enable them to establish strong marketing connects and production process excellence for TGIL. The company has also onboarded Mr. Firdose Vandrevala (Ex DMD of Tata Steel and Ex MD of Tata Power) as non-executive director to drive the EPC business vertical. All promoters and directors are supported by qualified and experienced team in diverse business segments.

**Established track record of operations with different approvals and certifications of quality standards**

TGIL possesses an established track record of over a decade of operations in manufacturing different pipe hangers and pipe support systems (the company forayed in the manufacturing segment from 2012) and over 13 years of operations in trading cotton yarn. The company manufactures different types of pipe hangers and pipe support systems including clevis hanger, band hanger, sprinkler hanger, pipe hanger with and without lining, heavy duty pipe hanger, easy fix pipe hanger with lining, pipe hanger with and without lining - light duty with stud, two bolt pipe clamps with and without lining, double pipe hanger with lining, surge restrainer, light and heavy saddle, offset hanger, U strap, U bolt, loop hanger, riser clamp, and many others. The pipe hangers manufactured by the company are accredited by two renowned international certification bodies. The products are sold under brand name, Tembo. Over the years of its operations, the company has established long-term relationships with its different customers, suppliers and other stakeholders.

**Established relationship with clientele**

The products dealt by TGIL find a wide range of applications in varied industries including defence, oil and gas, plumbing and water works, construction and real estate, fire-fighting, drainage, electrical products, and different industrial applications, among others. The company has established long-term relationships with its different customers in domestic and overseas market. The company's revenue is diversified in manufacturing (39% of revenue of FY25) and trading segments (55% of revenue of FY25). In trading segment, the company sells yarn to different exporters in India. Over the years of operations, the company developed established relations with customers in manufacturing and trading segments while the customer profile is moderately concentrated with the top five customers of manufacturing segment comprising 23.92% of the net sales in FY25. The group also ventured in EPC division where it has secured majority orderbook from reputed clientele mitigating counterparty risk to an extent.

**Growing scale of operations and sizable order book position**

TGIL's scale of operations grew at compounded annual growth rate (CAGR) of 63.36% in FY21-FY25. In FY25, total operating income (TOI) grew by 69.55% to ₹744.52 crore (against ₹439.12 crore in FY24). Growth in scale of operations is driven by 22.78% increase in sales from yarn trading business with sale of ₹410.17 crore compared to ₹334.06 crore due to increasing orders from existing and addition of new customers. Along with this, manufacturing segment also registered 56% growth on year-on-year (y-o-y) basis with revenue of ₹150.43 crore in FY25 compared to ₹95.80 crore in FY24 considering stable demand from its customers and improvement in sales realisation during the year. The group also foray in revenue EPC segment where it registered total revenue of ₹139.78 crore in FY25. In Q1FY26, the group achieved TOI of ₹250.64 crore. The company's scale of operations is expected to increase in FY26 due to established revenue from existing manufacturing and trading segments. TGIL has successfully commissioned ERW pipe manufacturing unit from July 2025 which is likely to contribute to the overall revenue stream. The group has total unexecuted order book of ₹967.59 crore as on April 01, 2025, across EPC segment to be executed over the next 2-3 years providing medium-term revenue visibility.

**Improvement in profitability margins**

The company's PBILDT margin continued to remain moderate in the range of 5% to 12% in FY21-FY25, given the mix of industrial products manufacturing and yarn trading operations. It has significantly improved to 12.77% in FY25 from 6.09% in FY24 considering improvement in average sales realisation from manufacturing segment supported increase in scale and revenue from the high-margin EPC segment. In line with improvement in PBILDT margin, profit after tax (PAT) margin also improved to 7.34% in FY25 from 3.24% in FY24. In Q1FY26, the group achieved PBILDT margin of 12.24%. Profit margins are likely to remain similar in FY26 considering expected increase in revenue from the high-margin EPC business.

## Key weaknesses

**High risk associated with unrelated greenfield debt funded capex**

TGIL entered unrelated greenfield debt funded capex towards setting up solar IPP plants with total capacity of 120MW and also setting up guns and ammunition manufacturing unit, both having total capex outlay of ₹1,633 crore to be funded through mix of debt and equity exposure.

Under solar segment, TGIL has set-up three new subsidiaries including Tembo Global Solar Power Private Limited, Tembo Dynamic Solutions Private Limited and Tembo Renewal Energy Private Limited for solar IPP project of 120 megawatt (MW) equally distributed among them. The company's capital expenditure towards generation, accumulation, distribution and supplying solar energy across six districts and 30 sites in Maharashtra with a total project cost outlay of ₹633 crore, of which ₹471 crore will be funded through term loan (tied up), while the rest through internal accruals and equity infusions. Till date, the group spent ₹81.43 crore towards this which has been funded through internal and equity infusions undertaken in FY25.

The group also entered additional capex outlay of ₹725 crore for setting up the guns and ammunition manufacturing unit, Tembo Defence Products Private Limited, through a technical collaboration with a European Company. Of the total estimated project cost of ₹725 crore, ₹350 crore will be financed through a term loan from bank (to be tied up), ₹225 crore will be raised through unsecured loans from technology partner, while remaining funds will be secured through proposed equity infusion.

Considering the large size of capex in solar sector with short timeline with part of land acquisition still pending poses high project completion risk and stabilisation risk associated with it. Defence project is in the nascent stage and funding tie up is yet to be done reflecting high project completion risk. Hence, timely tie up for funding, completion and stabilisation of both the capex remained critical from credit perspective and thus remain a key credit monitorable.

**Expected moderation in capital structure and debt coverage indicators**

The company's capital structure deteriorated marginally but continued to remain moderate marked by adjusted overall gearing of 1.22x as on March 31, 2025 (against 0.83x as on March 31, 2024), considering increase in total debt mainly due to term loan availed for the capex of ERW pipes and higher utilisation of working capital. The adjusted overall gearing (considering corporate guarantee extended to group company) also deteriorated to 1.52x as on March 31, 2025 (against 0.98x as on March 31, 2024).

Debt coverage indicators remained comfortable although moderated with total debt to gross cash accruals (TD/GCA) stood at 4.62x in FY25 (against 3.11x in FY24) due to significant increase in total debt partially offset by a significant increase in absolute GCA. However, interest coverage ratio improved to 5.22x in FY25 against 4.56x in FY24 due to increase in absolute PBILDT in FY25. The company's capital structure and debt coverage indicators are expected to deteriorate further due to availment of term loans for the ongoing solar and defence capex requirements although partially to be offset by the equity infusion expected in FY26 and FY27.

**Working capital intensive operations**

TGIL's operations remained working capital intensive considering higher gross current assets period of 176 days in FY25 (against 106 days in FY24) considering increase level of inventory and receivables. Average collection period increased to 39 days (PY: 23 days) as the company offers average credit period of up to two months in manufacturing and trading segment and better recovery from debtors. The company must maintain inventory of around one to two months to execute orders timely with longer work in progress in EPC segment, therefore, average inventory period increased to 49 days (PY: 36 days). The company receives credit period of ~15 to 45 days which led to average creditors' period of 27 days (PY: 26 days). Collectively, the working capital cycle deteriorated to 60 days (PY: 33 days). Working capital requirements are funded through external debt and hence, utilisation of fund-based working capital limits remained higher.

**Susceptibility of profitability due to raw material price volatility and foreign exchange fluctuation risk**

Raw material, steel is the major cost driver and its prices are volatile, therefore, cost base remains exposed to adverse price fluctuations. The company does not have long-term contracts with its suppliers and procurements are done at prevailing market prices exposing to raw material price volatility. The company also deals in trading yarn and its prices also remain volatile with limited ability to pass on the increase in material costs in a competitive operating spectrum, any substantial increase in material costs would affect the company's profitability. TGIL does sizable exports of ~50% of manufactured pipes fitting products in FY25. Thus, it is exposed to moderate foreign exchange fluctuation risk. The overall structure does not provide natural hedge in absence of import. From the hedging perspective, it has partial hedging policy and hedges its risk through forward contract. Accordingly, TGIL's profit margins remain susceptible to adverse or favourable movement in forex rate, which had been highly volatile in the past. The company witnessed foreign currency fluctuation gain of ₹0.87 crore in FY25 (PY: 0.50 crore).

## **Liquidity**: Adequate

The liquidity position remained adequate characterised by sufficient cushion in gross accruals against its principal debt repayment obligations of ₹5-6 crore in FY26 and FY27. The cash and bank balance stood at ₹2.39 crore as on March 31, 2025 (against ₹0.39 crore as on March 31, 2024). Average utilisation of working capital limits stood high at ~95.36% and average of maximum utilisation remained at 99.39% for last 12 months ended August 2025 reflecting limited cushion available in working capital limits. The company's current ratio stood at 1.04x as on March 31, 2025 (against 1.26x as on March 31, 2024). Cash flow from operating activities stood negative of (-) ₹134.67 crore in FY25 (against positive ₹28.64 crore in FY24). The company is undertaking aggressive debt funded capex and hence, delay in the fund-raising plan could result in stress in liquidity position which remain key credit monitorable.

**Assumptions/Covenants:** Not applicable

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

## Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Construction Sector
Solar Power Projects
Short Term Instruments
Iron & Steel
Wholesale Trading

## About the company and industry

## Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|---|---|---|---|
| Industrials | Capital goods | Industrial products | Iron and steel products |

Incorporated in 2010 by Mr. Sanjay Patel and his family, TGIL (formerly known as Saketh Exim Limited) was earlier engaged in trading different engineering products including nuts and bolts, fasteners, anti-vibration systems, floor drains, different industrial products, and trading yarn. Since 2012, the company started manufacturing different pipe hangers and pipe support systems. These products are primarily exported (exports comprised 50% of the manufacturing sales in FY25) to Middle East and Gulf, the USA and European countries and rest are sold in India. The company is also engaged in trading yarn. In FY24, the company forayed in EPC business where it undertakes supply and underlaying of pipe activities across India.

TGIL has set up manufacturing unit for expansion in capacity for manufacturing electric resistance welded (ERW) pipes and struts with total capacity of 60,000 metric tonnes per annum (MTPA) which commenced its operations from July 2025. This foray will be primarily serving as backword integration unit for its EPC business activities at the initial stage of operations. The company operates through its corporate office at Turbhe, Navi Mumbai, and has its manufacturing facilities at Vasai, Palghar in Maharashtra.

TGIL has a wholly owned subsidiary, Tembo LLC which is not operational. Associate and joint venture (JV) entities including TGIL and Tembo PES JV (TPES), respectively, are also engaged in EPC activities. TGIL is in complex EPC project execution activities while TPES is executing overseas project (in Maldives). The other subsidiaries are project stage entities having nascent stage of operations.

| Brief Financials (₹ crore) - Consolidated | March 31, 2024 (A) | March 31, 2025 (A) | June 30, 2025 (UA) |
|---|---|---|---|
| Total operating income | 439.12 | 744.52 | 250.64 |
| PBILDT | 26.75 | 95.11 | 30.69 |
| PAT | 14.21 | 54.67 | 19.02 |
| Overall gearing (times) | 0.77 | 1.20 | NA |
| Interest coverage (times) | 4.56 | 5.22 | 6.47 |

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results

| Brief Financials (₹ crore) - Standalone | March 31, 2024 (A) | March 31, 2025 (A) | June 30, 2025 (UA) |
|---|---|---|---|
| Total operating income | 439.12 | 655.93 | 230.25 |
| PBILDT | 26.68 | 73.19 | 24.65 |
| PAT | 13.86 | 40.75 | 14.81 |
| Overall gearing (times) | 0.82 | 1.20 | NA |
| Interest coverage (times) | 4.55 | 4.30 | 5.21 |

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 | | - | - | - | 233.50 | CARE BBB-; Negative |
| Fund-based - LT-Term Loan | | - | - | April 2032 | 52.49 | CARE BBB-; Negative |
| Fund-based - ST-EPC/PSC | | - | - | - | 16.50 | CARE A3 |
| Non-fund-based - LT/ ST-BG/LC | | - | - | - | 15.00 | CARE BBB-; Negative / CARE A3 |
| Non-fund-based - ST-Bank Guarantee | | - | - | - | 67.86 | CARE A3 |

### 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 - LT-Cash Credit | LT | 233.50 | CARE BBB-; Negative | - | 1)CARE BBB-; Stable (04-Jul-24) | 1)CARE BBB-; Stable (09-May-23) | - |
| 2 | Fund-based - ST-EPC/PSC | ST | 16.50 | CARE A3 | - | 1)CARE A3 (04-Jul-24) | 1)CARE A3 (09-May-23) | - |
| 3 | Fund-based - LT-Term Loan | LT | 52.49 | CARE BBB-; Negative | - | 1)CARE BBB-; Stable (04-Jul-24) | 1)CARE BBB-; Stable (09-May-23) | - |
| 4 | Non-fund-based - LT/ ST-BG/LC | LT/ST | 15.00 | CARE BBB-; Negative / CARE A3 | - | 1)CARE BBB-; Stable / CARE A3 (04-Jul-24) | 1)CARE BBB-; Stable / CARE A3 (09-May-23) | - |
| 5 | Non-fund-based - ST-Bank Guarantee | ST | 67.86 | CARE A3 | - | 1)CARE A3 (04-Jul-24) | - | - |

LT: Long term; ST: 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-Cash Credit | Simple |
| 2 | Fund-based - LT-Term Loan | Simple |
| 3 | Fund-based - ST-EPC/PSC | Simple |
| 4 | Non-fund-based - LT/ ST-BG/LC | Simple |
| 5 | Non-fund-based - ST-Bank Guarantee | Simple |

### Annexure-5: Lender details

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|---|
| To view lender-wise details of bank facilities please click here |

## Annexure-6: List of entities consolidated

| Sr No | Name of the entity | Extent of consolidation | Rationale for consolidation |
|---|---|---|---|
| 1 | Tembo Global Solar Power Private Limited | Full | Subsidiary |
| 2 | Tembo Dynamic Solutions Private Limited | Full | Subsidiary |
| 3 | Tembo Renewal Energy Private Limited | Full | Subsidiary |
| 4 | Tembo Global Solar Power Mumbai Private Limited | Full | Subsidiary |
| 5 | Tembo PES JV Private Limited | Full | Subsidiary |
| 6 | Tembo Defence Products Private Limited | Full | Subsidiary |
| 7 | Tembo LLC | Full | Subsidiary |
| 8 | Tembo PES JV | Full | Joint Venture |
| 9 | Tembo Global Infra Limited | Full | Associate company |

**Note on complexity levels of rated instruments:** CareEdge 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.

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**About us:**
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