

Certification Engineers International Limited

December 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	18.00	CARE AA; Stable / CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings on CEIL's bank facilities reflects its strong parentage of Engineers India Limited (EIL; rated 'CARE AAA; Stable/CARE A1+') and established business and management linkages. EIL's parentage provides it strong liaison with other public sector undertakings (PSUs) for securing certification assignments and imparts stable revenue visibility. The board of CEIL is chaired by Smt. Vartika Shukla, CMD of EIL, reinforcing the linkages. Ratings also factor CEIL's nearly three-decade track record in third-party inspection services across diverse infrastructure projects, including housing, roads, bridges, stadiums, and water treatment facilities. Low leverage, satisfactory profitability, and absence of fund-based debt strengthen the credit profile. CARE Ratings Limited (CareEdge Ratings) expects no significant debt addition in the medium term.

However, the company's modest scale continues to constrain financial flexibility. Revenue grew by 22% y-o-y in FY25, while profit before interest, lease rentals, depreciation and taxation (PBILDT) margin improved to 35.33% (FY24: 24.74%) due to better absorption of fixed costs, primarily manpower expenses. Revenue growth is expected to sustain in FY26; however, overall scale will remain modest in the medium term. CEIL has signed memorandums of association (MoAs) with Oil and Natural Gas Corporation Limited (ONGC; rated 'CARE AAA; Stable/CARE A1+'), Ircon International Limited (IRCON), and Nuclear Power Corporation of India Limited (NPCIL; rated 'CARE AAA; Stable/CARE A1+') for project certification. The ONGC MoA has already yielded orders worth ~₹46 crore in H1FY26, while other MoAs are yet to materialise.

Ratings also remain constrained by high working capital intensity and intense competition in the certification industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in order book and improvement in scale of operations while maintaining profitability.

Negative factors

- Moderation in credit profile of EIL.
- Reduction in shareholding of EIL below 51% or absence of need-based support from parent, EIL.
- Increased debt level with total debt/earnings before interest, taxation, depreciation, and amortisation (EBITDA) above 2x on a sustained basis.
- Increase in gross current asset days leading to stress on working capital and significant depletion of cash balance

Analytical approach: Standalone

CareEdge Ratings has analysed CEIL's credit profile by assessing its standalone financials and applying a notch-up considering its 100% ownership by EIL and management and business linkages with EIL.

Outlook: Stable

The stable outlook assigned to facilities of CEIL considers continuation of benefits received from parentage with EIL and expectation of growth in scale of operations and comfortable liquidity profile.

Detailed description of key rating drivers:

Key strengths

Strong parentage and management linkages

CEIL is a wholly owned subsidiary of EIL, a central public sector enterprise (CPSE) with 51.32% Government of India (GoI) shareholding as on June 30, 2025. EIL operates under the Ministry of Petroleum and Natural Gas (MoPNG) and holds 'Navratna'

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

status. It is engaged in project management consultancy (PMC) and turnkey projects, primarily in the oil and gas segment.

Vartika Shukla, CMD of EIL, also serves as Managing Director of CEIL, reinforcing management linkages. EIL reported operating income of ₹3,092 crore in FY25 with PBILDT margin of 17.03%. Its order book stood at ₹13,131 crore as on September 30, 2025, comprising ₹6,786 crore from consultancy and ₹5,446 crore from turnkey projects, ensuring strong revenue visibility. Low leverage further strengthens EIL's credit profile. Parentage with EIL enables CEIL to secure assignments from PSUs, supporting stable revenue prospects. CareEdge Ratings expects these linkages to continue in the medium term; weakening will be a key rating sensitivity.

Established track record in certification

CEIL has nearly three decades of experience as a Testing, Inspection, and Certification (TIC) agency, specialising in quality assurance, construction supervision, and expediting services. It is an approved TIC agency for fabrication inspection of girders for Indian Railways and its PSUs, having inspected over 1.8 lakh metric tonnes of fabrication. CEIL has signed MoAs with ONGC, IRCON, and NPCIL for project certification, which is expected to aid business scale-up in the medium term. CEIL has applied for Miniratna status with the Department of Public Enterprises, as it currently meets eligibility criteria.

Low leverage, robust profitability, and strong liquidity

CEIL remains debt-free, funding its working capital entirely through internal accruals and liquid balances. Lease liabilities stood at ₹0.02 crore as on March 31, 2025 (FY24: ₹0.16 crore). PBILDT margin improved to 35.33% in FY25 (FY24: 24.74%) due to better absorption of fixed costs, primarily manpower expenses. However, margin moderated to 26.54% in H1FY26 (H1FY25: 31.57%) due to higher provisions for expected losses. With MoAs signed, accruals are expected to improve in the medium term. Liquidity remains strong at ₹110.75 crore as on September 30, 2025. CEIL pays sizable dividends to its parent, which restricts reserve accretion and moderates net worth growth.

Key weaknesses

Small scale of operations despite long track record

Despite decades of presence in the TIC industry, CEIL's scale remains modest with revenue between ₹45–₹65 crore from FY20–FY25. In FY25, operating income rose to ₹62.08 crore, a 22% y-o-y growth over FY24. Revenue growth continued in H1FY26 at ₹35.32 crore versus ₹26.92 crore in H1FY25. With MoAs signed, revenue is expected to grow in the medium term; however, overall scale will remain modest, limiting financial flexibility. The unexecuted order book stood at ~₹139 crore as on September 30, 2025 (₹61.74 crore as on March 31, 2025), including ~₹46 crore from ONGC under the MoA, which supports near-term revenue visibility but does not materially alter scale constraints.

High working capital intensity due to elevated receivables

CEIL's operations exhibit high working capital intensity, with gross current asset days at 214 as on March 31, 2025, driven by a prolonged collection period of 161 days. This reflects slow-moving receivables, particularly from municipal bodies, which contribute significantly to revenue and have extended payment cycles. Receivables, including unbilled revenues, accounted for ~47% of FY25 revenue (FY24: ~52%). Elevated working capital intensity is expected to persist in the medium term unless collection efficiency improves.

High competitive intensity in the certification sector

The Indian TIC industry is highly competitive, driven by regulatory requirements, technological advancements, and entry of global players. The market is projected to grow from US\$7.62 billion in 2024 to US\$10.68 billion by 2033, increasing pressure on companies to improve service quality and compliance. Government initiatives like 'Make in India' and 'Atmanirbhar Bharat' have boosted demand for certification services across sectors. However, smaller firms face challenges in scaling due to high capital requirements for accreditations and lack of standardised testing protocols.

Liquidity: Strong

CEIL's liquidity position continues to be strong as reflected by gross cash accruals (GCA) of ~₹19 crore against nil external debt as on March 31, 2025. CEIL maintains robust liquidity with free cash/liquid funds of ₹81.98 crore as on September 30, 2025.

Assumptions/Covenants

Not applicable

Environment, social, and governance (ESG) risks

Not applicable

Applicable criteria

- [Definition of Default](#)
- [Factoring Linkages Parent Sub JV Group](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Financial Ratios – Non financial Sector](#)
- [Service Sector Companies](#)
- [Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial services and supplies	Consulting services

CEIL (a Government India Undertaking and a wholly owned subsidiary of EIL) undertakes activities related to certification recertification, safety audits and health, safety, and environment (HSE) management systems for offshore and onshore oil & gas facilities. It also undertakes Third Party Inspection (TPI) of materials, high-end technology equipment and installations in the hydrocarbon, cross country pipelines, infrastructure, railways, smart cities, solar energy, nuclear energy, defence sectors, nuclear submarine and warship and other quality sensitive sectors of the industry.

The company was carved out of Engineers India Certification Agency (EICA), which had been carrying out certification activities as a division of EIL since 1984.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	50.95	62.10	35.32
PBILDT*	12.60	21.94	9.37
PAT	12.44	20.62	9.17
Overall gearing (times)	0.00	0.00	0.00
Interest coverage (times)	182.39	456.21	81.52

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	18.00	CARE AA; Stable / CARE A1+

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	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	18.00	CARE AA; Stable / CARE A1+	1)CARE AA; Stable / CARE A1+ (28-Aug-25)	-	-	-

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	Non-fund-based - LT/ ST-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: 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.

Contact us

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About us:

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