

Texcel Engineers Pvt Ltd

Brickwork Ratings withdraws the previous bank loan ratings of Rs. 59.30 Crs and assigns the long-term and short-term ratings for the bank loan facilities of Rs. 89.61 Crs.

Particulars

Facilities**	Amount (Rs.Crs.)		Tenure	Rating#	
	Previous	Present		Previous (12-Feb-2025)	Present
Fund Based					
Term Loan - Outstanding	1.43	0.00	Long Term	BWR BBB - /Stable removal from ISSUER NOT COOPERATING* category/Upgraded	Withdrawal
Term Loan - Outstanding	0.00	0.44		-	BWR BBB-/Stable Assignment
Cash Credit - Sanctioned	12.50	0.00		BWR BBB - /Stable removal from ISSUER NOT COOPERATING* category/Upgraded	Withdrawal
Cash Credit - Sanctioned	0.00	12.50		-	BWR BBB-/Stable Assignment
Cash Credit - Sanctioned	0.00	10.00		-	BWR BBB-/Stable Assignment
GECL - Outstanding	0.87	0.00		BWR BBB - /Stable removal from ISSUER NOT COOPERATING* category/Upgraded	Withdrawal
GECL - Outstanding	0.00	0.80		-	BWR BBB-/Stable Assignment
Dropline OD - Outstanding	0.00	0.87		-	BWR BBB-/Stable Assignment
Sub Total	<i>14.80</i>	<i>24.61</i>			
Non Fund Based					

Bank Guarantee - Sanctioned	44.50	0.00	Short Term	BWR A3 removal from ISSUER NOT COOPERATING* category/Upgraded	Withdrawal
Bank Guarantee - Sanctioned	0.00	55.00		-	BWR A3 Assignment
Bank Guarantee - Proposed	0.00	10.00		-	BWR A3 Assignment
Sublimit of Bank Guarantee (Cash Credit) - Sanctioned	(3.00)	0.00		BWR A3 removal from ISSUER NOT COOPERATING* category/Upgraded	Withdrawal
Sub Total	44.50	65.00			
Grand Total	59.30	89.61	(Rupees Eighty Nine Crores and Sixty One Lakhs Only)		

#Please refer to the BWR website www.brickworkratings.com for the definition of the ratings.

**Details of Bank Loan facilities, consolidation or instruments are provided in Annexure

RATING ACTION / OUTLOOK

Brickwork Ratings has assigned the long-term and short-term ratings of "BWR BBB-/Stable" and "BWR A3" for the bank loan facilities of Rs. 89.61 Crores of Texcel Engineers Pvt Ltd.

Brickwork Ratings withdraws the ratings assigned to the previous bank loan facilities aggregating to Rs. 59.30 Crores availed from Canara Bank and HDFC Bank, as these facilities have been taken over by Federal Bank and Yes Bank.

The ratings assigned for the bank loan facilities of Texcel Engineers Pvt Ltd continue to drive strength from experienced promoters and management, achievable profitability, adequate liquidity and moderate financial risk profile of the company and BWR has relied upon the FY 23, FY 24 and FY 25 Audited.

The rating outlook has been assigned as "Stable" as BWR believes that Texcel Engineers Pvt Ltd business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenue and profitability margins show sustained improvement. The rating outlook may be revised to 'Negative' if the financial risk profile goes down.

KEY RATING DRIVERS

Credit Strength-:

- **Experience of the management :**

The management is experienced in the business line with an established track record of more than three decades. Mr. M. P. Sudhakaran is the Managing Director having industry experience of around 45 years in this field. The directors are well supported by a team of technically qualified professionals, each with more than two decades of experience in their respective fields. The extensive experience of the management is expected to support the company operations.

- **Operational track record and established relationship with clients and suppliers :**

The company started its commercial operations in 1987. Since then, it has been able to establish long and stable relationships with reputed clients and secure repeat orders from them.

- **Moderate financial performance :**

The company's tangible worth is increasing Y-O-Y. The Tangible Net Worth of the company stands at Rs. 42.15 Crores. The Current Ratio of the company looks adequate at 1.70 in FY-25. The revenue of the company has increased to Rs. 148.77 Crores in FY25 when compared to Rs. 135.01 Crores in FY 24. The Total Debt/TNW has improved to 1.48 times in FY25 when compared to 1.97 times in FY24.

Credit Risks:-

- **Intense competition and fragmented industry structure :**

The Company gets its contracts through competitive bidding. The growth of business depends entirely upon the company's ability to successfully bid for tenders and emerge as the lowest bidder. However, the risk is partly mitigated by the long experience of the TEPL in executing contracts under the power sector.

- **Customer concentration risk :**

In FY 25, the Company's top three customers BHEL, Jindal Steel & Power Co. Ltd., and Doosan Power Systems India Private Limited accounted for approximately 100% of total sales.

Apart from the existing customers, the current order book remains diversified with the markets showing more new customers. We have recently taken up a new project with M/s JSW Mahanadi Power Company India Limited, Chhattisgarh. This apart, new customers like Adani, Thermax are coming into the markets, with a wide range of projects to offer.

Among these, BHEL being a Public Sector Undertaking (PSU), undertakes large-scale ETC power projects across India and contributes significantly in terms of order volumes. We have also executed several projects for various other reputed clients; however, BHEL continues to be Company's primary customer and key revenue source by strategic choice. This is primarily due to BHEL's proven capability and capacity to execute multiple mega power plants simultaneously, including projects involving critical and complex boiler designs.

- **Subcontracting risks :**

The ETC contractor remains liable for all acts and omissions of the subcontractors, including all payment responsibilities and performance related issues of the subcontractors. As mentioned earlier, some of the issues highlighted above may also be addressed through other forms of the contracts and not necessarily through ETC contracts. Also, whether an ETC contract is entered into or not would also depend on the sector in which the project is being undertaken. Given that the nature of risks associated with each project would be different it is imperative to carefully examine and analyze each such risk and to properly allocate such risks. Such careful analysis would not only address the lenders' concerns but also enable each party to manage their risks effectively and make the project a success.

ANALYTICAL APPROACH - Standalone

To arrive at its ratings, BWR has considered the standalone approach and has applied its rating methodology.

RATING SENSITIVITIES

Going forward, the company's ability to manage the working capital efficiently, improve the scale of operations, and improve and maintain profitability, along with the debt servicing capability and liquidity, will be key rating sensitive.

Upward Factors :

- A rating upgrade could be driven by achieving sustained growth in revenues as per the projections, along with consistent improvement in profitability margins, with the operating margin rising above 11% on a sustained basis.
- Timely execution of orders, along with a consistent increase in the order book.

Downward Factors :

- A rating downgrade may be triggered by an inability to achieve the projected revenue and profit growth, with the operating margin dropping below 10%. An increase in Total Debt/TNW above 1.50x would indicate higher leverage risk.
- Higher receivables or excess inventory can negatively affect liquidity.

LIQUIDITY INDICATORS - Adequate

Adequate liquidity characterized by sufficient cushion in accruals vis-a-vis repayment obligations and moderate cash balance of Rs. 5.63 Crores. Its capex requirements are modular and expected to be funded using the existing debt obligation for which it has sufficient headroom. Its bank limits are utilized to the extent of 80% and has sought enhancement in bank lines, supported by the above unity current ratio.

The company has a cash accrual of Rs. 10.19 Crs in FY-25 as against the CPLTD of Rs. 5.60 Crs. The cash and Bank balance of the company is at Rs. 5.63 Crores in FY-25, out of which Rs. 5.00 Crores is encumbered and Rs. 0.63 Crores is Unencumbered and the current ratio of the company stands at 1.70x times in FY-25, it is expected to be at 1.84x times in FY-26. The fund Based working capital utilization of the company is 73%, The ISCR and DSCR of the company stands at 2.65 times and 1.42 times in FY-25 and it is expected to be 3.06x times and 1.15 times in FY-26 respectively. Taking all the above points into consideration the company's liquidity position is defined as Adequate.

ABOUT THE ENTITY

Macro Economic Indicator	Sector	Industry	Basic Industry
Industrials	Capital Goods	Electrical Equipment	Heavy Electrical Equipment

Texcel Engineers Private Limited was incorporated on 27 Aug 1987 in Chennai, Tamil Nadu. The company is ISO 9001:2015 certified and engaged in undertaking and completing a vast range of turnkey contracts in the infrastructure sector as an ETC (Erection, Testing and Commissioning) contractor. The company is engaged in providing specialized erection, testing, and commissioning services in the infrastructure and power sector. It primarily undertakes erection and commissioning works for boilers, turbines, and associated auxiliaries in thermal power plant projects. The company operates as a service provider and erection contractor. The company is a major contractor to its principal customer, BHEL, and specializes in the erection and commissioning of heavy-duty steel boilers. It has been associated with BHEL for over 40 years and has also executed works for other reputed clients such as Jindal Steel & Power Co. Ltd and Doosan Power System India Private Limited.

Mr. M.P. Sudhakaran is the Managing Director having industry experience of around 45 years in fields like erection, testing and commissioning of power projects. Mrs. P.G. Jayanthi, Mr. M.S. Abhilash are the directors of the company. The directors are well supported by a team of technically qualified professionals, each with more than two decades of experience in their chosen fields.

Texcel Contracting LLC is a sister concern which undertakes projects in UAE and Oman. There are no transactions between the two companies.

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Unit	FY 23	FY 24	FY 25
Result Type		Audited	Audited	Audited
Operating Income	Rs. Crs	102.96	135.01	148.77
EBITDA	Rs. Crs	9.78	15.09	14.15
PAT	Rs. Crs	0.93	2.70	6.25
Tangible Net Worth	Rs. Crs	33.17	35.89	42.15
Total Debt/Tangible Net Worth	Times	2.33	1.97	1.48
Current Ratio	Times	1.75	1.95	1.70

KEY COVENANTS OF THE FACILITY RATED

The terms of sanction of the rated facilities include standard covenants normally stipulated for such facilities, however there are special covenants on Current Ratio, TOL/Adj TNW and DSCR which are compiled by the company.

STATUS OF NON-COOPERATION WITH PREVIOUS CRA

Not Applicable.

ANY OTHER INFORMATION

No Other Information.

RATING HISTORY FOR THE LAST THREE YEARS (including withdrawal & suspension)

Facilities		Current Rating (2026)		2025		2024		2023	
Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	LT	24.61	BWR BBB-/Stable (Assignment)	12-Feb-2025	BWR BBB-/Stable (removal from ISSUER NOT COOPERATI NG* category/Up graded)	01-Oct-2024	BWR B/Stable (Continues to be in ISSUER NOT COOPERA TING* category/Do wngraded)	27-July-2023	BWR B+/Stable (Continues to be in ISSUER NOT COOPERATIN G* category/Down graded)
FB Sublimit	LT	(3.00)	Withdrawal	12-Feb-2025	BWR BBB-/Stable (removal from ISSUER NOT COOPERATI NG* category/Up graded)	01-Oct-2024	BWR B/Stable (Continues to be in ISSUER NOT COOPERA TING* category/Do wngraded)	27-July-2023	BWR B+/Stable (Continues to be in ISSUER NOT COOPERATIN G* category/Down graded)
Non Fund Based	ST	65.00	BWR A3 (Assignment)	12-Feb-2025	BWR A3 (removal from ISSUER NOT COOPERATI NG* category/Up graded)	01-Oct-2024	BWR A4 (Continues to be in ISSUER NOT COOPERA TING* category/Re affirmed)	27-July-2023	BWR A4 (Continues to be in ISSUER NOT COOPERATIN G* category/Reaffi rmed)
Grand Total		89.61	(Rupees Eighty Nine Crores and Sixty One Lakhs Only)						

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)
- [Infrastructure Sector](#)
- [BWR Withdrawal Policy](#)

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**ANNEXURE-I
Details of Bank Facilities rated by BWR**

Sl.No	Name of the Bank/Lender	Type of Facilities	Long Term (Rs.Crs)	Short Term (Rs.Crs)	Total (In Rs.Crs)	Complexity
1	Federal Bank	Term Loan - Outstanding	0.44	-	0.44	Simple
		Cash Credit - Sanctioned	12.50	-	12.50	Simple
		GECL - Outstanding	0.80	-	0.80	Simple
		Bank Guarantee - Sanctioned	-	35.00	35.00	Simple
2	Yes Bank	Cash Credit - Sanctioned	10.00	-	10.00	Simple
		Dropline OD - Sanctioned	0.87	-	0.87	Simple
		Bank Guarantee - Sanctioned	-	20.00	20.00	Simple
		Bank Guarantee - Proposed	-	10.00	10.00	Simple
	Total (In Rs.Crores)		24.61	65.00	89.61	
TOTAL (Rupees Eighty Nine Crores and Sixty One Lakhs Only)						

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**ANNEXURE-II
INSTRUMENT DETAILS**

Instrument	Issue Date	Amount (Rs.Crs)	Coupon Rate (%)	Maturity Date	ISIN Particulars	Complexity of the Instrument
Nil	Nil	Nil	Nil	Nil	Nil	Nil

**ANNEXURE-III
List of entities consolidated**

Name of Entity	% Ownership	Extent of consolidation	Rationale for consolidation
Nil	Nil	Nil	Nil

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