

Tembo Global Industries Limited

July 3, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 390.00 Crore	Regulator[^]
Long Term Rating	IVR BBB+/Stable (Rating Assigned)	RBI
Short Term Rating	IVR A2 (Rating Assigned)	RBI
[^] Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

The ratings assigned to the bank facilities of Tembo Global Industries Limited (TGIL) factors the strong growth in revenues and profitability supported by robust growth from the manufacturing of engineering products & EPC projects segment. The rating also factors the experienced promoters and reputed client base, strong order book position in the EPC segment, shift to a diversified business profile backed by long term PPA in solar project and firm offtake agreement in defence segment. However, the ratings are constrained by execution risk for the large debt funded capex, and working capital intensive operations leading to negative cashflow from operations.

Outlook: Stable

The Stable outlook reflects that TGIL will continue to maintain its business and financial risk profile over the medium term supported by its established presence in the engineering products segment, diversified product portfolio, and enhanced manufacturing capacity following the commissioning of the integrated facility for engineering products.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Consolidated
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

- Strong growth in revenues and profitability:**

The company has demonstrated strong growth in scale of operations, with total operating income increasing significantly by ~2.5 times over the last two years and standing at ~₹ 1,105 crore in FY26 supported by increase in revenues from the manufacturing of engineering products and EPC segment backed by commissioning of new manufacturing facility in July 2025. The table below shows the segment wise revenues:

Products/Services	FY24		FY25		FY26	
	Amt. (Rs. Crore)	%	Amt. (Rs. Crore)	%	Amt. (Rs. Crore)	%
Textile Segment (trading)	334.06	78%	410.06	66%	438.67	40%
Manufacturing of engineering products and EPC segment	95.80	22%	214.85	34%	651.50	60%
Total	429.86	100	624.91	100	1,090.27	100

The robust growth in revenues led to sharp increase in profitability with EBITDA and PAT at ~₹157 crore and ~₹98 crore respectively depicting more than 6 times increase over the last 2 years. The increase in profitability is higher than the increase in revenues supported by higher scale of operations, improved segment mix and execution of higher profitability orders leading to increase in profit margins with EBITDA margin at 14.22% in FY26 (FY25: 12.38% and FY24: 5.80%) and PAT margin at 8.80% in FY26 (FY25: 6.83% and FY24: 3.23%). Going forward, the Company expects to commence solar power generation operations in Q3FY27 and foray in defence segment with expected revenues from FY28 which may further improve the scale of operations and profitability in the near term.

- Shift towards diversified business profile across multiple segments**

TGIL benefits from a diversified business profile with presence across engineering products, EPC/infrastructure, solar power (IPP), textiles and the emerging defence manufacturing segment. This multi-segment presence enables the company to mitigate risks associated with cyclicity in any single industry, as demand drivers vary across segments. The engineering products & EPC projects segment offer scale and order book visibility with enhanced profitability, albeit with execution-linked variability. However, the textile business is a stable revenue generator with low profitability and the Company plans to maintain the current levels with other business segments expected to contribute more supported by significant growth. The solar IPP (Independent Power

Producer) segment is expected to be operational in Q2FY27 and generate predictable annuity cash flows backed by long-term PPAs, thereby enhancing earnings stability over the long term. Additionally, the foray into defence manufacturing provides exposure to a high-growth and high profit segment, policy-supported sector with potential for strong order inflows in the future. The diversified end-user base across industrial, infrastructure, utilities, textiles and government-linked sectors further strengthen revenue resilience and reduces concentration risk.

- **Strong order book position and long term PPA providing revenue visibility over the medium term**

TGIL has strong order book position of Rs.1,548 crore as on 31st March 2026 in the Engineering and EPC segment to be executed over a period of 12 to 24 months. Further, TGIL's foray into the solar IPP segment is supported by long-term power purchase agreements (PPAs) of 25 years with Maharashtra State Electricity Distribution Co. Ltd (MSEDCL) at competitive rate. The project is estimated to generate revenues from Q3FY27 onwards and the Company had successfully acquired 28 out of 30 sites as on March 31, 2026. The strong order book position and long-term agreements in the solar segment provide strong revenue visibility in the medium term and lend stability to the company's cash flow profile once the projects achieve commercial operations. Moreover, going forward, TGIL has plans to foray into the defence segment which is expected to further enhance its revenues and profitability.

- **Experienced promoters and strong client base**

TGIL's overall operations are looked after by the promoters, Mr. Sanjay Patel with experience of around four decades and Mr. Shabbir Merchant with experience of around two decades. Further, the Company has professional management to manage the business operations across business segments. This enables the Company to develop strong relations with suppliers and customers

TGIL has built a strong and credible client base over the years, comprising reputed players such as Larsen & Toubro Limited, Tata Projects Limited, Kalpataru Projects Limited amongst others. These relationships, developed over a sustained period, reflect the company's execution capability, product quality and reliability, and translate into repeat orders and improved revenue visibility. Association with established counterparties also enhances TGIL's market positioning and facilitates entry into new projects and geographies, particularly in the EPC and engineering products segments. In addition to its domestic presence, TGIL has a well-diversified export footprint spanning over 30 countries, including developed markets such as the USA, UK, and Germany, along with the Gulf region. This geographical diversification reduces dependence on any single market and provides a natural hedge against domestic demand fluctuations. Export

exposure also enables the company to tap into relatively higher-margin opportunities while demonstrating its adherence to stringent international quality and compliance standards.

Weaknesses

- **Large debt funded capex plans leading to increase in debt levels; albeit debt coverage indicators remaining comfortable:**

The Company, through its solar subsidiaries, is undertaking multiple solar power projects in line with the company's expansion into the solar IPP segment. The Company has PPA arrangement with Maharashtra Government for 120 MW capacity. On a consolidated basis, the total planned capex across these projects is estimated at around ₹622 crore to be funded through debt of Rs.452 crore and equity capital/internal accruals of Rs. 170 crore. The Company estimated to complete the project by H1FY27. While the capex is expected to generate stable annuity-based cash flows post commissioning, it exposes the company to execution and implementation risks in the near term. Any delays in project completion or subsidy realisation (~Rs. 100 crore) may strain the liquidity profile of the Company. Further, the Company has forayed in the defence segment and entered in strategic partnership with a leading European entity for technology transfer coupled 100% offtake agreement. The project will be executed in phases with total capital outlay of ~Rs.1,000 crore. The capex plans had led to increase in total debt levels at ~₹ 377 crore as on 31st March 2026 from ~₹ 258 crore as on 31st March 2025 and ~₹ 50 crore as on 31st March 2024. However, the capital structure improved significantly in FY26 with adjusted overall gearing and TOL/adjusted TNW from 3.18x and 4.40x as on 31st March 2025 to 1.03x and 2.22x as on 31st March 2026 respectively; supported by equity infusion and increase in profitability. Further, the debt coverage indicators stood comfortable with interest coverage of 6.28 times in FY26 (FY25: 5.47 times). Going forward, the debt levels are expected to peak in FY27 and subsequently improve from FY28 onwards supported by incremental profitability and accretion to reserves from the planned capex. Despite the increase in debt levels, the debt coverage indicators are expected to remain comfortable with moratorium period and ballooning repayment terms. Thus, going forward, it remains critical for the Company to execute the planned capex without any time and cost overruns.

- **Working-capital-intensive operations**

The company's operations remain working capital intensive in nature. This is reflected in the elongation of the operating cycle to 78 days in FY26 (56 days in FY25 and 36 days in FY24), driven by higher receivables and inventory levels. The working capital requirements has increased in line with the scale-up in operations and increased contribution from the Engineering & EPC

segment with longer realisation cycles leading to higher dependency on external debt to fund the increased working capital requirements. The increase in working capital requirements had also led to negative cashflow from operations. Going forward, it remains critical for the Company to prudently manage its working capital requirements with the increase in scale of operations.

- **Profit susceptible to raw material price volatility and foreign exchange rate volatility**

The profitability of the Company is susceptible to movement in steel prices which is impacted by demand and supply scenario across the markets. Any steep adverse movement in prices may have an impact on the profitability of the Company as it may not be able to completely pass on the increase in the prices. Further, the Company executes projects in the international markets exposing it to volatility in the foreign exchange rate risk which may impact its revenues and profitability.

Liquidity –Adequate

The company's liquidity position remains adequate, supported by expected cash accruals that are likely to remain sufficient to meet its debt repayment obligations over the near to medium term. However, the cash flow from operations stood negative primarily on account of significant increase in working capital requirements. Liquidity remains adequate primarily on account of cushion available in working capital limits (average fund-based utilization at ~76% for past 12 months ended May 2026) despite negative cash flow from operations during FY26. Further TGIL has unencumbered cash and balance ~Rs.85 crore as of 31st March 2026 supporting the liquidity profile.

Rating Sensitivities

Upward Factors

- Improvement in the capital structure with adjusted overall gearing reaching below unity on a sustained basis.
- Successful completion and stabilisation of the ongoing capex, without any significant cost or time overruns.

Downward Factors

- Deterioration in capital structure, with overall gearing increasing above 1.50x
- Delay in completion of the envisaged capex or cost overruns, adversely impacting the liquidity profile.

About the Company

Tembo Global Industries Limited (TGIL) was incorporated on June 16, 2010, as Saketh Exim Private Limited and was later converted into a public limited company in December 2017. The company was subsequently renamed Tembo Global Industries Limited in March 2020 to reflect its increasing focus on engineering products. The Company's derives revenues from textile segment (trading) and manufacturing of engineering products and EPC segment. TGIL has commissioned the new manufacturing facility in July 2025, aimed at backward integration for its EPC activities. TGIL operates from its corporate office in Navi Mumbai with manufacturing facilities in Vasai, Maharashtra, and has expanded its presence through multiple subsidiaries and joint ventures, for overseas EPC projects. Going forward, TGIL plans to diversify its revenues with enhanced revenues from the solar segment and defence segment.

Key Financial Indicators (Consolidated):

For the year ended/ As on*	31-03-2025	31-03-2026^
	Audited	Audited
Total Operating Income	743.65	1104.81
EBITDA	92.06	157.12
PAT	50.96	98.23
Total Debt	258.38	376.51
Adjusted Tangible Net Worth (ATNW)	81.14	366.97
EBITDA Margin (%)	12.38	14.22
PAT Margin (%)	6.83	8.89
Overall Gearing (times)	3.18	1.03
Interest Coverage (times)	5.47	6.28

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

^The FY26 financials are based on the abridged financial available on the NSE Exchange.

Applicable Criteria

[Rating Methodology for Manufacturing companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition and Post Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Consolidation of Companies](#)

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstan ding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in in 2023-24
				July 1, 2026	--	--	--
1.	Long Term Fund Based Bank Facilities	LT	305.82	IVR BBB+/ Stable	--	--	--
2.	Short Term Bank Non Fund Based Facilities	ST	72.68	IVR A2	--	--	--
3.	Long/Short Term Fund Based Bank Facilities	LT/ST	11.50	IVR BBB+/ Stable; IVR A2	--	--	--

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuanc e	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assign ed/ Outloo k	Listing Status	Regulator ^	<u>Complexity Indicator</u>
Term Loan	--	--	--	April 2032	50.00	IVR BBB+/ Stable	--	RBI	Simple
GECL	--	--	--	October 2026	2.32	IVR BBB+/ Stable	--	RBI	Simple
Cash Credit	--	--	--	--	55.00	IVR BBB+/ Stable	--	RBI	Simple
Cash Credit	--	--	--	--	10.00	IVR BBB+/ Stable	--	RBI	Simple
Cash Credit	--	--	--	--	30.00	IVR BBB+/ Stable	--	RBI	Simple
Cash Credit	--	--	--	--	6.00	IVR BBB+/ Stable	--	RBI	Simple
Cash Credit	--	--	--	--	27.50	IVR BBB+/ Stable	--	RBI	Simple
Proposed Cash Credit	--	--	--	--	125.00	IVR BBB+/ Stable	--	RBI	Simple
LC/BG	--	--	--	--	5.00	IVR A2	--	RBI	Simple



Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator ^	Complexity Indicator
BG	--	--	--	--	7.50	IVR A2	--	RBI	Simple
LC/BG	--	--	--	--	5.00	IVR A2	--	RBI	Simple
LC/BG	--	--	--	--	10.00	IVR A2	--	RBI	Simple
Proposed LC/BG	--	--	--	--	45.18	IVR A2	--	RBI	Simple
Export Packing Credit	--	--	--	--	7.50	IVR BBB+/Stable; IVR A2	--	RBI	Simple
Export Packing Credit	--	--	--	--	4.00	IVR BBB+/Stable; IVR A2	--	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:

[https://infomericstorage.blob.core.windows.net/uploads/Len Tembo Glo03 Jul26 021e1057f3.pdf](https://infomericstorage.blob.core.windows.net/uploads/Len_Tembo_Glo03_Jul26_021e1057f3.pdf)

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for Consolidated analysis:

1. Tembo Renewal Energy Private Limited
2. Tembo Global Solar Power Private Limited
3. Tembo-Pes JV Pvt Ltd
4. Tembo Global LLC
5. Tembo Global Inc
6. Tembo Global Solar Power Mumbai Private Limited
7. Tembo Defence Products Private Limited
8. Tembo Dynamic Solutions Private Limited

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) *	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI



Sr. No.	Instrument / activity Name	Regulator of the instrument
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings/Loans from overseas lenders/Loans from Multilaterals	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator such as IRDAI, PFRDA

Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

@ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side regulators have been included.

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