



Press Release

Teerth Gopicon Limited

June 18, 2025

Ratings

Instrument/ Facilities	Amount (INR crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term/Short Term Bank Facilities	8.00	IVR BBB-/Stable; IVR A3 ; Withdrawn (IVR Triple B minus with Stable Outlook; IVR A Three and simultaneously Withdrawn)	IVR BBB- /Stable; IVR A3 (IVR Triple B minus with Stable Outlook; IVR A Three).	Rating Reaffirmed and simultaneously Withdrawn	Simple
Short Term Bank Facilities	17.00	IVR A3; Withdrawn (IVR A Three and simultaneously Withdrawn)	IVR A3 (IVR A Three)	Rating Reaffirmed and simultaneously Withdrawn	Simple
Total	25.00 (Rupees Twenty-Five crores only)				

Details of Facilities/ instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The reaffirmation of the ratings continue to derive strength from its experienced promoters coupled reputed clientele base which helps to lower counterparty default risk. The ratings also continue to note its proven project execution capability and satisfactory order book reflecting near to medium term revenue visibility. Furthermore, growth in operational scale, improved profitability, and a healthy capital structure along with favorable debt coverage indicators contribute positively to the ratings. However, these rating strengths continues to remain constrained due to modest scale of operation of the company, exposure to geographical concentration risk, nascent stage of major contracts, tender based nature of business with intense competition in the industry and susceptibility of operating margin to volatile input prices.

The stable outlook reflects stable business performance of the company in the near to medium term driven by its healthy order book position and experienced promoters.



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Infomerics Ratings has simultaneously withdrawn the ratings assigned to the bank facilities of Teerth Gopicon Limited (TGL) with immediate effect. The above action has been taken at the request of the company along with No Objection Certificate (NOC) issued by the lender. The rating is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

Key Rating Sensitivities:

Upward Factors:

- Growth in scale of operations with improvement in profitability on a sustained basis and consequent improvement in liquidity
- Sustenance of the capital structure with improvement in debt protection metrics
- Improvement in the working capital management leading to improvement in working capital cycle

Downward Factors:

- Dip in the revenue and/or moderation in profitability impacting the debt protection metrics on a sustained basis
- Deterioration in the capital structure with moderation in overall gearing to over 1x
- Moderation in liquidity marked by elongation in operating cycle

List of key rating driver with detailed description

Key rating strengths:

- **Experienced promoters**

The promoters have more than two decades of experience in the field of civil construction services. Benefits derived from the promoters' experience along with their strong understanding of the construction industry and healthy relationship with customers and suppliers is expected to continue and support the business. The company is being also supported by a team of experienced and qualified professionals.

- **Proven project execution capability**

Over the past years, TGL has successfully completed many projects across the state of Madhya Pradesh and ensured timely completion of all its projects. The repeat orders received from the private and government entities validate its construction capabilities.

- **Satisfactory order book reflecting near to medium term revenue visibility**

The company has an unexecuted order book position of ~Rs.2035 crore as on January 31, 2025, representing 17.21x of the total operating income of FY25 which is expected to be



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executed over the next 12 to 18 months. Satisfactory order book position reflects near to medium term revenue visibility.

- **Reputed clientele leading to low counterparty default risk**

The company mainly bids for tenders floated by various government departments in the road construction and water treatment sector across Madhya Pradesh and Rajasthan. The major client base of the company consists of the Jal Nigam departments of the state government of Madhya Pradesh. Most customers being government departments impart comfort in the form of low counterparty risk though timely receipt of bill payments is dependent on their timely receipt of sanctioned funds from higher authorities.

- **Growth in scale of operation along with improvement in profitability**

The total operating income (TOI) of TGL witnessed an upward trend in the past three years during FY23(A) - FY25(A). TOI has increased to Rs.118.27 crore in FY2025 from Rs.104.92 crore in FY24, driven by higher execution of orders. This improvement is driven by a higher absorption of fixed overheads, which has been supported by an increase in the scale of operations. Additionally, the execution of several high-margin contracts has contributed significantly to this growth in EBITDA margin. The PAT margin has moderated and stood at 10.83% in FY2025 from 11.00% in FY2024 due to increase in interest and finance costs.

- **Satisfactory capital structure and debt coverage indicators**

The capital structure of the company has remained comfortable over the past three years marked by its comfortable leverage ratios. The debt profile of the company mainly consists of term loans, unsecured loans (Unsubordinated) from promoters and working capital borrowings. Overall gearing has improved to 0.49x as on March 31, 2025, against 1.10x as on March 31, 2024, due to accretion of profit to reserves. Overall indebtedness of the company as reflected by TOL/TNW also improved from 9.59x as on March 31, 2024, to 1.40x as on March 31, 2025.

Key Rating Weaknesses

- **Modest scale of operation**

Notwithstanding the growth in topline the scale of operation of the company remains modest marked by total operating income at ~Rs.118 crore. Modest scale of operation restricts financial flexibility to an extent.

- **Exposure to geographical concentration risk**



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The present order book is majorly skewed towards in Madhya Pradesh and Rajasthan from various government departments indicating a geographical concentration risk. However, the directors of the company have adequate experience in executing civil construction projects across Madhya Pradesh and Rajasthan, which impart comfort to an extent.

- **Nascent stage of major contracts**

TGL has recently acquired contracts for setting up of 1200 MW (1.2 GW) ISTS (Inter State Transmission System) Connected Solar Power Projects from NHPC Ltd and several Rooftop Solar (RTS) Photovoltaic Power Projects for Rajasthan Renewable Energy Corporation Limited (RRECL). TGL is yet to start the execution of these contracts besides a large portion of a contract from Madhya Pradesh Jal Nigam is yet to be executed. Accordingly, the company is exposed to project execution risk, given that ~90% of the order book as on January 31, 2025, is in the nascent stages of execution. Infomerics Ratings notes that satisfactory execution for all the new and existing orders will remain a key monitorable for maintaining medium-term revenue visibility. Further, the company is currently having a dispute regarding issuance of bank guarantees with Madhya Pradesh government pertaining to contracts under Jal Jeevan Mission (JJM). Currently, the matter is sub judice and the outcome of the said matter is a key rating monitorable.

- **Tender based nature of business with intense competition in the industry**

The domestic construction sector is highly crowded with the presence of many players with varied statutes and capabilities. Further, the company receives work orders through tenders amidst an intense price war. The profit margins of the company may remain under pressure because of this highly competitive nature of industry.

- **Susceptibility of operating margin to volatile input prices**

Major raw materials used in civil construction activities are pipes, steel, and cement which are usually sourced from large players/dealers at proximate distances. The raw material & labour cost forms the majority chunk of the total cost of sales in this industry. As the raw material prices & labour cost are volatile in nature, the profitability of the company is subject to fluctuation in raw material prices & labour cost. However, the presence of escalation clause (for raw materials) in most of the contracts protect the margin to an extent.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies.](#)



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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

[Policy on withdrawal of ratings](#)

Liquidity- Adequate

The liquidity profile of TGL is expected to remain adequate as the company is expected to generate adequate gross cash accruals in the range of Rs.30.78- Rs.51.59 crore to serve its debt obligations in the range of Rs.2.84-4.90 crore during FY26-FY28. However, the average fund-based utilization of the company remained moderate at ~75% during the past 12 months ended in January 2025 indicating limited liquidity buffer for the company.

About the Company

Incorporated in 2019, Teerth Gopicon Limited specializes in engineering construction and development, mainly focusing on roads, sewerage and water distribution projects in Madhya Pradesh and expanding their geographical footprint to other states. The company mainly executes water infrastructure contracts for Madhya Pradesh Jal Nigam. Besides, water infrastructure contracts the company has forayed into execution of solar power projects for companies like NHPC Ltd, SJVN Ltd and Rajasthan Renewable Energy Corporation Limited.

Financials (Standalone):

	(Rs. crore)	
For the year ended*/ as on	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	104.92	118.27
EBITDA	18.11	24.61
PAT	11.56	12.84
Total Debt	13.44	33.43
Tangible Net Worth	19.28	75.97
EBITDA Margin (%)	17.26	20.81
PAT Margin (%)	11.00	10.83
Overall Gearing Ratio (x)	1.10	0.49
Interest Coverage Ratio (x)	18.64	10.13

**Classification as per Infomerics' Standard*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:



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Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					March 05, 2025	-	-
1.	Cash Credit/Bank Guarantee	Long Term/Short Term	8.00*	IVR BBB-; Stable/ IVR A3 and withdrawn	IVR BBB-; Stable/ IVR A3	-	-
2.	Bank Guarantee	Short Term	17.00	IVR A3 and withdrawn	IVR A3		

**Cash credit of Rs.8.00 crore is the submit of BG.*

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.



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Annexure 1: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate	Tenor/ Maturity	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Cash Credit/Bank Guarantee	-	-	-	-	8.00*	IVR BBB-; Stable/ IVR A3 and withdrawn
Bank Guarantee	-	-	-	-	17.00	IVR A3 and withdrawn

*Cash credit of Rs.8.00 crore is the submit of BG.

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-Teerth-Gopicon-18june25.pdf>

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

Annexure 4: List of companies considered for consolidated/ combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.