

June 04, 2026

Tractebel Engineering Private Limited: Long-term rating upgraded to [ICRA]A (Stable); short-term rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/short-term - Fund-based/non-fund based - Others	134.00	134.00	[ICRA]A (Stable); upgraded from [ICRA]A-(Stable)/[ICRA]A2+; reaffirmed
Total	134.00	134.00	

*Instrument details are provided in Annexure II

Rationale

The long-term rating upgrade reflects the sustained improvement in Tractebel Engineering Private Limited's (TEPL) performance over the years, driven by increase in scale of operations with healthy order accretion. Further, the working capital profile has improved steadily in past few years, supported by higher customer advances and moderation in debtor days reducing debt levels. TEPL reported an operating income (OI) of Rs. 207.1 crore in FY2025 with a growth of ~13% YoY. For FY2026, operating income growth is estimated to remain at similar level. Going forward, the company is expected to maintain a steady growth trajectory, supported by a healthy order pipeline and diversified presence across segments and geographies. The order inflows remained robust in FY2026, resulting in a build-up in the order book to ~Rs. 341 crore as on March 31, 2026 from ~Rs. 314 crore on March 31, 2025. The current order book is expected to provide healthy revenue visibility over the medium term, supported by its diversified mix across energy, infrastructure and water segments, along with increasing contribution from international assignments, which is likely to support execution momentum going forward.

The ratings also factor in the improvement in profitability in FY2025 and FY2026, with operating margins benefiting from operating leverage and lower bad debt write off. Going forward, profitability is expected to remain at similar level, supported by increasing scale of operations.

Further, the company continues to benefit from the strong financial and operational support from its parent, ENGIE SA, while its negligible reliance on external borrowings supports a healthy capital structure and strong coverage indicators.

The ratings, however, remain constrained by the company's limited pricing flexibility owing to intense competition in the engineering consultancy industry, due to which margins are expected to be range-bound. The employee-intensive nature of operations and challenges related to retention of skilled manpower also remain key sensitivities. Further, the company's operations remain working capital intensive though the same has improved in FY2025 and FY2026 and is estimated to remain same, going forward.

Key rating drivers and their description

Credit strengths

Established track record in engineering consultancy space along with strong parentage – TEPL has an established track record of providing engineering consultancy services in energy, water, and urban development-related projects in India and abroad for more than two decades. TEPL is a step-down subsidiary of Engie SA, a French multinational electric utility company which operates in the fields of electricity generation and distribution, natural gas, nuclear and renewable energy. The Engie Group,

to centralise its holding operations, has incorporated a subsidiary company, Tractebel Engineering International SA, and the erstwhile 74% shareholding in TEPL by Tractebel Engineering SA was transferred to Tractebel Engineering International SA. Nonetheless, the erstwhile parent - Tractebel Engineering S.A. – is a prominent global engineering and consulting organisation and continues to demonstrate a track record of extending technical and financial support (continuation of corporate guarantee for now) to its bank facilities. TEPL's established track record, coupled with its strong parentage, helps it in securing orders, both domestic and international. TEPL is also planning to foray into newer segments based on the parent's experience in those sectors, which would expand its service offerings.

Diversified and reputed client base – The customer base is diversified with the top 10 clients contributing to ~55% and ~49% of TEPL's revenues in FY2025 and H1 FY2026, respectively. Over the years, the company has executed projects for reputed private (Indian and international) and Government-owned entities (primarily Indian). The major clients of TEPL include IOCL, Irrigation and Waterways Department, BPCL, HPCL, Central Transmission Utility of India Limited, Calik Enerji San. Further, the company has executed repeat orders for its clients, which reflects favourably on its execution capabilities.

Comfortable order book provides medium-term revenue visibility; timely execution remains crucial – The order flow remained healthy over the years with an outstanding order book of ~Rs. 341 crore as on March 31, 2026; providing medium-term revenue visibility. The order book remains diversified across various segments with ~23% from urban infrastructure, ~23% from water resources, ~19% from Gas, ~14% from Hydro Power, ~9% from thermal and ~8% Transmission & Distribution, ~4% from Renewable. The timely execution of the orders remains crucial for TEPL's revenue growth and profitability.

Credit challenges

Competitive pressures from established local, multinational and boutique firms constrain margins – Although the operating income has grown at a healthy rate over last few periods, the company's scale remains moderate compared to its peers in the highly competitive engineering consultancy industry, where it has limited control over pricing, as most projects are awarded through tender-based mechanisms. This limits pricing flexibility and keeps margins sensitive to competitive intensity and cost pressures. Consequently, the operating margins are expected to remain range-bound at 6–7% over the medium term. Nevertheless, the company continues to benefit, to an extent, from its established operational track record, diversified service offerings and strong parentage, which support its ability to sustain profitability within this range.

Challenges in attracting and retaining quality manpower – The company's ability to retain talent remains crucial for maintaining its competitive position, as most projects are awarded based on the technical expertise of key personnel and its track record of execution. Employee retention remains vital, given the high cost of training and the knowledge-intensive nature of operations.

However, the company has significantly strengthened its employee base to 884 as on December 31, 2025, increasing from ~700 as on March 31, 2023, which will support future growth in order inflows, as manpower strength remains a key factor in securing and executing consultancy assignments.

Working capital-intensive nature of operations – The operations remain working-capital intensive, with NWC/OI at 43.5% in FY2025 and debtor days at ~126, largely driven by exposure to public sector projects. However, the working capital profile has improved steadily in past few years, supported by higher customer advances and moderation in debtor days, resulting in NWC/OI moderating to ~43.5% in FY2025 from ~60% in FY2020.

Liquidity position: Adequate

TEPL's liquidity position is Adequate with cash and cash equivalents of ~Rs. 5.52 crore as on March 31, 2026, supported by undrawn working capital limits of Rs. 70.5 crore as on March 31, 2026. Further, the company has no term debt repayments and no capex plans in the near term, given the services nature of its business, supporting the liquidity.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if the company shows sustained improvement in scale, supported by healthy order inflows and execution while maintaining healthy profitability.

Negative factors – Pressure on TEPL's ratings could arise if there is pressure on liquidity owing to an elongation in the working capital intensity on a sustained basis. Any significant decline in revenues and profitability may also trigger a downgrade. Weakening of the linkages with the parent and moderation in the credit profile of the parent can also exert pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent Company: Tractebel Engineering International S.A. (majority shareholder) Ultimate Parent: Engie SA Tractebel Engineering international S.A. (a subsidiary company of Engie SA) holds 100% shareholding in TEPL. The ratings assigned to TEPL factors in the likelihood of the promoter group extending financial and operational support to TEPL, given the strong financial and operational linkages within the Group
Consolidation/Standalone	Standalone

About the company

Tractebel Engineering Private Limited (TEPL), incorporated in 2000, is an engineering consultancy company providing comprehensive services in the energy (including gas, thermal, renewable), water (including hydropower, waterways, water resources) and urban development segments, including but not limited to design, engineering, architectural, planning and construction sectors. At present, the company is wholly owned by Tractebel Engineering International S.A., which is a 100% subsidiary of global energy and services major — ENGIE SA.

Key financial indicators (audited)

Tractebel Engineering Private Limited (Standalone)	FY2024	FY2025
Operating income	182.8	207.1
PAT	2.9	11.7
OPBDITA/OI	3.1%	7.0%
PAT/OI	1.6%	5.7%
Total outside liabilities/Tangible net worth (times)	1.1	1.1
Total debt/OPBDITA (times)	0.0	0.6
Interest coverage (times)	3.1	20.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2027)				Chronology of rating history for the past 3 years					
Instrument	Type	Amount rated (Rs crore)	June 04, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund-based/Non-fund based- Others	Long-term/short-term	134.00	[ICRA]A (Stable)/[ICRA]A2+	-	-	Mar 28, 2025	[ICRA]A- (Stable)/[ICRA]A2+	Dec 15, 2023	[ICRA]A- (Stable)/[ICRA]A2+
Fund-based-Cash credit	Long-term			-	-	-	-	Dec 15, 2023	[ICRA]A- (Stable)
Non-fund based- Others	Short-term			-	-	-	-	Dec 15, 2023	[ICRA]A2+

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	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
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 branches of Indian Banks/other similar borrowings	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	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

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

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) 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 can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term-Fund-based/Non-fund based-Others	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
-	Fund based/Non-fund-based	NA	NA	NA	134.0	[ICRA]A(Stable)/[ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis: Not Applicable

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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