

TANSINGH CHOUHAN

December 03, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	20.00	CARE BBB-; Stable	Assigned
Long Term / Short Term Bank Facilities	60.00	CARE BBB-; Stable / CARE A3	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to Tansingh Chouhan (TSC) derive strength from its experienced promoters with established track record of operations in execution of mid-size civil construction projects, low counterparty risk and comfortable financial risk profile. The ratings also factor growth in scale of operations, satisfactory debt coverage indicators and adequate liquidity.

The above rating strengths are, however, partially offset by moderate and geographically concentrated orderbook with significant reliance on single project and moderate profitability which is susceptible to fluctuations in volatile raw material (RM) prices. The ratings also factor risks associated with the partnership constitution of the entity and TSC's presence in highly fragmented, competitive and tender driven industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Achievement of Total Operating Income (TOI) above Rs. 350 crore on sustained basis on the back of augmentation in orderbook and revenue visibility marked by Orderbook/TOI of more than 2x while maintaining its Profit before interest, lease rental, depreciation and tax (PBILDT) margin beyond 8% on sustained basis.

- Negative factors** Decline in TOI below Rs. 200 crore along with moderation in PBILDT margin below 5% on sustained basis.

- Elongation in Gross current asset days (GCA days) beyond 250 days.
- Moderation in financial risk profile overall gearing above unity on sustained basis.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects Care Ratings Limited's (CARE Ratings) expectations that TSC shall be able to sustain its credit risk profile on back of vast experience of the promoters, comfortable capital structure and adequate liquidity.

Detailed description of key rating drivers:

Key strengths

Comfortable financial risk profile with satisfactory debt coverage indicators:

The capital structure of TSC remained comfortable marked by overall gearing and Total outside liability to Tangible network (TOL/TNW) below unity in past 5 years ended FY24 (FY refers to period between April 01 to March 31).

Firm has extended Loans and advances in the range of ~Rs. 30-40 crore in past 5 year ended FY24 for unrelated business, post adjusting same from net worth, adjusted overall gearing also remains comfortable at below unity level. The debt coverage ratios are also satisfactory marked by PBILDT/Interest, Total debt by Gross cash accrual (TD/GCA) and TD/PBILDT of 5.74x (PY: 6.44x), 2.01x (PY: 2.24x) and 1.25x (PY:1.49x) respectively as on FY24 end.

Growth in scale of operations; albeit moderate PBILDT margin

TSC reported growth in TOI at Cumulative Average Growth Rate (CAGR) of ~38% in past 5 years ended FY24. Scale of operations grew from ~Rs.100 crore in FY20-22 to ~Rs.300 crore in FY23 and FY24 on back of augmentation in orderbook and faster execution of contracts. Till H1FY25, TSC clocked revenue of ~Rs. 170 crore and is envisaged to achieve TOI of Rs.350 crore in FY25 from existing orderbook. PBILDT margins remained in range of 6-9% in last 4 years ended FY24.

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

Experienced promoters with established track record of operations

TSC is currently managed by second generation of promoters Mr. Rajendra Chouhan and Mr. Jogendra Chouhan, having experience of more than two decades in civil construction. The firm has demonstrated project execution capability in execution of mid -size civil construction contracts in Rajasthan.

Key weaknesses

Moderate and geographically concentrated orderbook with significant reliance on a single project; albeit low counterparty risk

TSC had a moderate orderbook o/s at Rs.317.26 crore as on August 31, 2024 which translates to Orderbook/ TOI of 0.94x. Operations of TSC are geographically concentrated with all projects in current orderbook based at Rajasthan, though firm has also bid for projects at Gujarat and Madhya Pradesh. Furthermore, TSC's orderbook has significant reliance on a single order awarded from Indian Railways constituting ~72% of orderbook, timely execution of which shall remain crucial for its credit risk profile.

Around 94% of orderbook is derived from a mix of central govt. and state government departments/ companies such as Indian Railways (~73%), Border Road Organization (~11%) and Hindustan Petroleum Corporation Limited (~2%) and balance from state govt. departments which minimises risk of counterparty to certain extent.

Presence in highly fragmented and competitive industry with susceptibility of profitability to fluctuations in input price

TSC is a mid-sized player operating in an intensely competitive construction industry with presence of large number of contractors. With low counterparty credit risk and a relatively stable payment track record of projects funded by government bodies, these projects are lucrative for all the contractors and hence are highly competitive. Thus, aggressive bidding by the players exerts pressure on profitability. Notwithstanding above, considering execution period of around 12 -36 months, TSC's profitability also remains susceptible to volatility in labour and raw materials prices. The impact, however, is partially mitigated by the presence of in-built price escalation clause in major contracts (~75% of orderbook o/s as on August 31, 2024) on hand.

Partnership nature of firm

TSC is susceptible to risk associated with withdrawal/transfer of capital by the partners which may lead to deterioration in the capital structure. In past five years ended FY24, there has been need based fund infusion by partners y-o-y and no funds have been withdrawn. Going forward, any disproportionate withdrawal of partners' capital shall remain a key rating sensitivity.

Liquidity: Adequate

TSC's liquidity is adequate marked by envisaged GCA in range of ~Rs.15-24 crore in FY25-FY27 vis-à-vis term debt obligations of Rs. 1-1.5 crore, sufficient liquidity cushion in form of unutilised portion of sanctioned fund-based limits i.e. ~45% in past 12 months trailing August 2024 and a comfortable operating cycle. Operating cycle improved from 80-120 days in FY20-FY22 (covid impacted period) to ~30-40 days in FY23 & FY24 on back of improvement in receivable period from ~120-160 days in FY20-FY22 to ~60-70 days in FY23-FY24. TSC reported GCA days in range of 120-125 days in FY23 and FY24 and same is expected to remain comfortable going forward.

TSC had a free cash and bank balance of Rs.2.36 crore as on September 30, 2024. The firm reported negative cashflow from operations (CFO) of Rs. 8.27 crore in FY24 (PY: Rs. 29.27 crore), which was funded majorly by release of Lien marked FDs. Moderation in the CFO was on account of increase in receivables by Rs.11.24 crore, advances to suppliers of Rs.7.35 crore and payment to creditors of Rs.11.25 crores. TSC reported current ratio of 1.99x (PY: 1.39x) and quick ratio of 1.90x (PY: 1.20x) as on FY24 end.

Assumptions/Covenants: NA

Environment, social, and governance (ESG) risks: NA

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Incorporated in 2003 by Late Shri Tansingh Chouhan, M/s Tansingh Chouhan (TSC) is a Barmer (Rajasthan) based partnership firm with ISO-9001:2015 & ISO 45001:201 certifications. TSC is engaged in construction of Roads, bridges, buildings and other civil works for government departments such as PWD, Indian Railway, HPCL Rajasthan Refinery Limited (HRRL), Rajasthan Police Infrastructure Development Corporation Limited (RPIDCL) etc. and reputed private players such as Vedanta Limited, Tata Projects Limited, Petrofac International (UAE) LLC and Dhanu Solar Power Private Limited (Reliance group). TSC is accredited 'AA' class PWD contractor and 'S' class Border roads organisation (BRO) contractor.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	September 30, 2024 (UA)
Total operating income	319.95	343.37	172.38
PBILDT	19.85	26.61	NA
PAT	10.04	13.32	NA
Overall gearing (times)	0.32	0.31	NA
Interest coverage (times)	6.44	5.74	NA

A: Audited UA: Unaudited; NA: Not Applicable, Note: these are latest available financial results

Status of non-cooperation with previous CRA:

- CRISIL has put the rating assigned to the bank facilities of TSC under issuer non-cooperation category on account of CRISIL's inability to carry out a rating exercise in the absence of the requisite information from the company as per the press release dated August 27, 2024.
- Brickwork has put the rating assigned to the bank facilities of TSC under issuer non-cooperation category on account of Brickwork's inability to carry out a rating exercise in the absence of the requisite information from the company as per the press release dated June 21, 2024.
- ACUITE has put the rating assigned to the bank facilities of TSC under issuer non-cooperation category on account of ACUITE's inability to carry out a rating exercise in the absence of the requisite information from the company as per the press release dated January 24, 2024.

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	20.00	CARE BBB-; Stable
Non-fund-based - LT/ ST-BG/LC		-	-	-	60.00	CARE BBB-; Stable / CARE A3

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Bank Overdraft	LT	20.00	CARE BBB-; Stable				
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	60.00	CARE BBB-; Stable / CARE A3				

LT: Long term; 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	Fund-based - LT-Bank Overdraft	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE 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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