

Tolani Projects Private Limited

March 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	4.00	CARE BBB-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	75.00 (Enhanced from 47.00)	CARE BBB-; Stable / CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Tolani Projects Private Limited (TPPL) continue to derive strength from TPPL's experienced promoters, reputed clientele with geographically diversified presence, growth in scale of operations in FY24 (refers to the period from April 1 to March 31), comfortable capital structure as well as debt coverage indicators and adequate liquidity. The ratings, however, continue to remain constrained on account of moderation in TPPL's order book providing medium term revenue visibility, moderate profitability, and tender driven nature of business resulting in high competition.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in scale of operations while maintaining healthy profitability and comfortable capital structure
- Order book to TOI ratio above 2x indicating medium term revenue visibility

Negative factors

- Any significant decline in scale of operations along with decline in profitability
- Deterioration in TOL/TNW to over 2x on sustained basis

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CARE Ratings) expectation that TPPL shall continue to benefit from its experienced promoters and moderate order book providing revenue visibility in medium term.

Detailed description of key rating drivers

Key strengths

Experienced Promoters

TPPL is currently managed by Mr. Narain Tolani, Mrs. Veena Tolani, Mr. Dipesh Tolani and Mr. Pradip Tolani. All promoters have healthy experience in the same line of business. Mr. Narain Tolani, Managing Director, has been associated with the company for more than 15 years.

Reputed clientele

TPPL has a reputed clientele with majority of work contracts from Public Sector Undertakings (PSUs) belonging to oil and gas industry. Moreover, considering its "AA Class" contractor status and long association with these entities ensures repeat orders from them. The execution timeline of orders executed by TPPL ranges from 6 months to 3 Years depending upon nature of work.

Comfortable capital structure and debt coverage indicators

Capital structure of TPPL remained comfortable marked by overall gearing of 0.22x at FY24 end as against 0.33x at FY23 end. The networth base of the company stood moderate at Rs. 59.81 crore as on March 31, 2024. Furthermore, the TOL/TNW was also comfortable at 1.51x at FY24 end (P.Y: 1.46x). With low reliance on debt, debt coverage indicators of TPPL also remained comfortable with PBILD interest coverage and TD/GCA of 8.70x and 0.83x respectively in FY24 as against 11.22x and 1.36x respectively in FY23.

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

Key weaknesses

Moderate profitability albeit growth in scale of operations in FY24

Total operating income (TOI) of TPPL witnessed strong growth of 55% y-o-y and increased to Rs. 267.90 crore in FY24 as against Rs. 172.94 crore in FY23 on the back of order execution during the period. In 10MFY25, TOI of TPPL remained at Rs.183.37 crore and in full year FY25, TPPL is expected to register TOI of around Rs.270 crore. Profitability of TPPL has historically remained moderate in the range of 7% to 10% and mainly depends upon the type of projects executed by the company. In FY24, PBILDT margin stood at 7.58% in FY24 as against 8.73% in FY23.

Moderate order book although geographical diversified presence

TPPL had an order book of Rs.505.36 crore as on February 15, 2025, which was 1.89 times of TOI of FY24 providing medium term revenue visibility. Over the years, TPPL has increased its presence across various states/regions. Present order book of TPPL is spread across states of Gujarat, Karnataka, Maharashtra, Punjab, Telangana, Andhra Pradesh, Odisha, Bihar etc.

Tender driven nature of business with high competition

TPPL participates in the tenders of state government bodies/ PSUs for civil construction work mainly pertaining to Turnkey projects in pipeline construction, Roads and Sewerage, Civil and Structural work, Trenchless Pipelines, Station/ Terminal Piping, Storage Tank particularly in Gas field. Hence, the business prospects are highly dependent on the tenders floated. Furthermore, the construction industry is highly fragmented in nature with presence of large number of unorganized players and a few large, organized players. Further, the profitability also varies amongst the projects. Aggressive bidding by players in order to get the contracts may impact the profitability of players operating in this industry. Apart from this, the orders do not contain any price escalation clause and the same needs to be borne by the contractors.

Liquidity: Adequate

The liquidity indicators of TPPL continued to remain adequate marked by healthy GCA of Rs.15.85 crore in FY24 against minimal debt obligation of Rs.2-3 crore in FY25 to FY27, CFO of Rs.16.94 crore and lean operating cycle of negative 8 days. Moreover, average utilization of fund-based limits was moderate at 56% while that for non-fund limits remained at 75% for past 12 months ended January 2025. Also, TPPL had free cash and bank balance of Rs.7.74 crore as on March 31, 2024. Operating cycle of TPPL was lean at negative 8 days in FY24 since collection period was offset by creditor period due to subcontracting nature of work.

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

Ankleshwar (Gujarat) based TPPL was initially established as a proprietorship firm "Tolani Fabricators" in 1979 by Mr. Narain Tolani and subsequently converted into Private Limited Company in 2010. Currently, the company is managed by four directors viz. Mr. Narain Tolani, Mrs. Veenaben Tolani, Mr. Dipesh Tolani and Mr. Pradip Tolani. The company is engaged into civil construction of drainage pipeline, sewerage pumping stations for government and semi government bodies of Gujarat and construction & laying of pipelines for Public Sector Undertakings (PSUs) in oil & gas industry. TPPL is a registered "AA" Contractor with Government of Gujarat.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	10MFY25 (UA)
Total operating income	172.94	267.90	183.37
PBILDT	15.10	20.30	NA
PAT	10.09	13.71	NA
Overall gearing (times)	0.33	0.22	NA
Interest coverage (times)	11.22	8.70	NA

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

Status of non-cooperation with previous CRA: Not applicable

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	4.00	CARE BBB-; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	75.00	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	4.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (20-Feb-24)	1)CARE BBB-; Stable (06-Jan-23)	1)CARE BB+; Stable (10-Feb-22) 2)CARE BB+; Stable (05-Apr-21)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	-	-	-	-	1)Withdrawn (06-Jan-23)	1)CARE BB+; Stable / CARE A4+ (10-Feb-22) 2)CARE BB+; Stable / CARE A4+

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
								(05-Apr-21)
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	75.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (20-Feb-24)	1)CARE BBB-; Stable / CARE A3 (06-Jan-23)	1)CARE BB+; Stable / CARE A4+ (10-Feb-22) 2)CARE BB+; Stable / CARE A4+ (05-Apr-21)
4	Non-fund-based - ST-Letter of credit	ST	-	-	-	1)Withdrawn (20-Feb-24)	1)CARE A3 (06-Jan-23)	-

LT: Long term; ST: Short 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-Bank Guarantee	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.

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About us:

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