Lopon Enterprises_Yeshi Tsewang

July 11, 2025

Facilities	Amount (₹ crore)	Ratings[1]	Rating Action
Long-term bank facilities	21.50	CARE BB; Stable	Assigned
Short-term bank facilities	68.50	CARE A4	Assigned

Details of facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to bank facilities of Lopon Enterprises_Yeshi Tsewang (LEYT) is constrained by its small scale of operation with low net worth base, constitution as a proprietorship firm which exposes it to the risk of withdrawal of capital, high working capital intensive nature of operation, risk associated with participating in tenders and intense competition in industry and profitability susceptible to volatility in input prices.
However, the ratings derive strength from its experienced promoters, satisfactory capital structure and debt protection metrics, healthy profitability and satisfactory order book position.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in scale of operation while maintaining operating profitability margin above 30% on a sustained basis.
- Improvement in capital structure with overall gearing ratio going below 0.50x on a sustained basis.

Negative factors

- Significant decline in scale of operations with operating margin going below 20%.
- Deterioration in capital structure leading to overall gearing ratio going above 1x on sustained basis.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings' opinion that the entity will continue to benefit from its established relationship with its customers along with the experience of the proprietor in the construction industry.

Detailed description of key rating drivers:

Key weaknesses

Small scale of operations with low net worth base

Though the TOI of the firm grew at a CAGR of 51% from Rs.41.77 crore in FY23 to Rs.95.07 crore in FY25 (Prov.), however, the overall scale continues to remain small. Furthermore, the entity has a small net worth base, which stood at Rs.31.57 crore as on March 31, 2025. Small scale of operations and net worth position limits the entity's ability to scale up the business significantly and restricts the financial flexibility of the firm at time of stress.

Constitution as proprietorship firm

LEYT being a proprietorship nature of business, is exposed to inherent risk of withdrawal of capital by the proprietor at the time of his personal contingency and the entity being dissolved upon the death/ retirement of the proprietor. Furthermore, proprietorship entity has restricted access to external borrowings as credit worthiness of the proprietor would be amongst the key factors affecting the credit decision of the lenders. During the last four financial years, the proprietor has cumulatively withdrawn Rs. 31.84 crore.

High working capital intensity nature of operation

The operation of entities in construction sector is working capital intensive in nature due to milestone based payments, defect liability period, contractual performance terms and project specific challenges. During FY25, working capital cycle increased to

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

113 days from 75 days in FY23 on account of increase in average collection period from 9 days in FY23 to 47 days in FY25. The increase in inventory days was set off by equivalent increase in average creditors days.

Risk associated with participating in tenders and intense competition in industry
LEYT operates in a highly competitive construction industry wherein it faces direct competition from various organized and unorganized players in the market given the low barriers to entry. There are number of small and regional players catering to the same market which has limited the bargaining power of the entity and has exerted pressure on its margins. Majority of the order executed by the firm are government orders. The risk arises from the fact that any changes in geo-political environment and policy matters would affect all the projects at large. Furthermore, any changes in the government policy or government spending on projects are likely to affect the revenues of the entity. The entity receives majority of its work orders as sub-contracting from other large players. However, recently, the entity has started bidding for projects under JV model through tender-based system. This exposes the firm towards risk associated with the tender-based business, which is characterized by intense competition. The growth of the business depends on its ability to successfully bid for the tenders and emerge as the lowest bidder.

Profitability susceptible to volatility in input prices
The major inputs for the entity are bitumen, stone chips, etc. the prices of which are highly volatile in nature. The operating margin of the entity is exposed to any sudden spurt in the input material prices along with an increase in labour prices being in labour intensive industry. However, the entity tries to mitigate the risk by building the expected risk of increase in prices in its tender amount and through completing all its project within the given timeline to avoid risk of excessive variation in prices.

Key strengths

Experienced promoters
Mr Yeshi Tsewang started his business from the year 2013 and thus has satisfactory track record of operation. The entity is managed by the proprietor himself who has a long experience in similar line of business. He oversees the daily operations of the business, supported by a team of skilled technical and non-technical professionals, all of whom possess extensive experience in the sector.

Satisfactory capital structure and debt protection metrics
The capital structure of the entity remains satisfactory marked by overall gearing ratio of 0.82x as on March 31, 2025 (Prov.) as against 0.17x as on March 31, 2023. The moderation in overall gearing ratio is mainly due to increase in term loan and utilization of fund-based facilities. Furthermore, the debt coverage indicators also remained satisfactory marked by TDGCA of 0.91x as on March 31, 2025 (0.32x as on March 31, 2023) and interest coverage ratio of 21.90x in FY25 (15.22x in FY23).

Healthy profitability
LEYT's operating profitability exhibited a volatile trend with a profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin within the range of 15-31% in the past three years ended FY25. It stood healthy at 31.37% during FY25 (Prov), largely in line with previous year on account of stable input costs. Profit after Tax (PAT) margin also stood healthy on account of low interest and depreciation costs at 28.23% in FY25 (27.63% in FY24). Return on capital employed (ROCE) stood healthy at 68.35% during FY25 (PY: 92.64%).

Satisfactory order book position
The o/s unexecuted order book in hand as on Mar 31, 2025, remained satisfactory and stood at Rs. 260 crore (being 2.74x of total operating income as on FY25 (Prov.)) providing revenue visibility. Apart from the same, the entity has recently received orders worth Rs.209.19 crore which is not included in the above order book. The satisfactory order book provides medium term revenue visibility for the firm.

Liquidity: Adequate

Liquidity is marked adequate on account of comfortable cash accruals against its debt repayment obligation, moderate utilization of its working capital limits and comfortable current ratio and quick ratio. During FY26, the entity has a debt repayment obligation of around Rs.2.85 crore against which the firm is expected to generate sufficient cash accruals. Further, the average utilisation of its working capital limit is around 75% during the last 12 months period ended April 2025. Further, the current ratio and quick ratio remained comfortable at 2.51x and 1.75x respectively as on March 31, 2025.

Applicable criteria

[Definition of Default]
[Liquidity Analysis of Non-financial sector entities]
[Rating Outlook and Rating Watch]

[Financial Ratios – Non financial Sector](#)
[Construction Sector](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

M/s Lopon Enterprises_Yeshi Tsewang (LEYT) was established in the year May 2013 as a proprietorship firm by Mr Yeshi Tsewang with its office located at West Kameng, Arunachal Pradesh. Since its inception, the entity is engaged in execution of infrastructure projects, which include building, highways, bridges, flyovers and other infrastructure activities. The firm majorly undertakes subcontract project or under joint venture.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	60.49	95.07
PBILDT	18.38	29.82
PAT	16.71	26.84
Overall gearing (times)	0.70	0.82
Interest coverage (times)	19.07	21.90

A: Audited; UA: Unaudited; Note: these are latest available financial results

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 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-Term Loan		-	-	Feb 2030	21.50	CARE BB; Stable
Fund-based - ST-Bank Overdraft		-	-	-	19.30	CARE A4
Non-fund-based - ST-Bank Guarantee		-	-	-	49.20	CARE A4

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 2025-2026	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
1	Fund-based - ST-Bank Overdraft	ST	19.30	CARE A4				
2	Fund-based - LT-Term Loan	LT	21.50	CARE BB; Stable				
3	Non-fund-based - ST-Bank Guarantee	ST	49.20	CARE A4				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - ST-Bank Overdraft	Simple
3	Non-fund-based - 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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