

## MOHINDER SINGH CONTRACTOR

January 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	4.80	CARE BB-; Stable / CARE A4	Assigned
Short Term Bank Facilities	30.20	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The ratings assigned to the bank facilities of Mohinder Singh Contractor (MSC) factor in modest scale of operation, moderate capital structure and debt coverage indicators. Further the ratings are constrained due to highly competitive industry, business risk associated with tender based orders, volatility associated with fluctuations in input prices and constitution of the entity being a proprietorship firm. The ratings however derive comfort from vast experience of the promoters and long track record of operations along with moderate profitability margins and visibility of the revenue generation in the near to medium term with the available orderbook though the same is concentrated.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improvement in scale of operations beyond ₹70 crores while maintaining profitability margin on sustained basis.
- Diversify order book reducing concentration from one to two large orders and geographical diversification of orders.

#### Negative factors

- Moderation in PBILDT margin of less than 8% on a sustained basis
- Deterioration in overall gearing ratio beyond 1.50x on sustained basis

**Analytical approach:** Standalone

**Outlook:** Stable

CARE Ratings Limited (CareEdge Ratings) believe that the firm will continue to benefit from its long-track record of operations and extensive experience of the promoters in the segment.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Modest Scale of Operation

The total operating income (TOI) of MSC improved, though remained modest in FY25 (April 01 to March 31) at ₹45.86 crore (PY: ₹30.77 crores), primarily due to better order execution during the year. The outstanding order book stood at ₹80.22 crore as of December 31, 2025 (1.75x of FY25 turnover), providing near to medium term revenue visibility. The existing order book primarily comprises of contracts from single state, Assam (~88%) leading to geographical concentration risk. In H1FY26, the firm reported revenue of ~₹20.95 crore and holds L1 status for a road upgradation project worth ~ ₹30 crore, which, upon confirmation, is expected to strengthen the order book position over the medium term. The timely execution of ongoing projects and the addition of fresh orders will be a key rating monitorable.

#### Moderate financial risk profile

The capital structure of the firm stood moderate marked by overall gearing of 0.39x as on March 31, 2025, as against 0.61x as on March 31, 2024. Improvement in capital structure was majorly on account of decline in debt levels owing to scheduled repayments of term loans and lower working capital utilisation as on year end, as well as improvement in net worth from ₹14.90 crore in FY24 to ₹16.46 crore in FY25, owing to accretion of profits to reserves. The unsecured loans from family & friends of Rs 5.63 crore as on March 31, 2025 has been treated as quasi equity. The debt coverage indicators also stood moderate marked by

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

Total debt/Gross Cash Accruals (GCA) of 1.74x as on March 31, 2025 (PY: 2.33x) and interest coverage of 3.73x in FY25 (FY24: 3.75x).

### **Constitution as a proprietorship concern with risk of withdrawal of capital**

MSC's constitution being a proprietorship firm, has the inherent risk of possibility of withdrawal of the proprietorship's capital at the time of personal contingency and firm being dissolved upon the demise/retirement/insolvency of proprietor. Moreover, proprietor firms have restricted access to external borrowing as credit worthiness of proprietors would be the key factors affecting credit decision for the lenders. The proprietor has withdrawn ₹0.93 crores in FY25.

### **Tender-based nature of operations in intensely competitive civil construction industry and working capital intensive operations**

All the orders tender-based, and the revenues are dependent on MSC's ability to bid successfully for these tenders. The profitability margins of the firm may come under pressure because of the competitive nature of the industry. There are numerous organized and unorganized players operating in the segment due to which intense competition exists. However, the promoters' long industry experience in civil construction industry mitigates this risk to some extent.

### **Key strengths**

#### **Experienced Promoters**

Mohinder Singh is the managing partner of the firm and has more than two decades of experience in the business of the civil construction industry. In addition to the promoter, MSC has a strong management team which comprises engineers, and other professionals who are qualified with rich experience in the industry and look after the day-to-day operations of MSC. With a track record of more than 20 years and a team of over 20 experienced engineers and 50 supervisors, MSC has consistently delivered satisfactory contract completions.

#### **Moderate Profitability margins**

The profitability margins of the firm stood moderate during FY25 marked by PBILDT margin and PAT Margins of 13.45% & 4.13% respectively as against 16.04% & 6.95% in FY24. The profitability is generally high as the firm generally takes up road construction involving FDR (Full-Depth Reclamation) technology, which is a sustainable, cost-effective method, significantly cutting operational and material costs. Operating Profitability margins dipped in FY25 on account of job work charges of Rs 10.97 crore incurred during the year.

#### **Liquidity: Stretched**

The liquidity position of the firm remained stretched with working capital-intensive nature of operations. The firm has reported gross cash accruals of ₹3.64 crores in FY25 and is expected to generate GCA of ~ Rs. 4 crores as against debt repayment obligations of ₹1.20 crore in FY26. The operating cycle for the firm has improved to 56 days in FY25 (FY24: 86 days) on the back of improved execution and improvement in collection efficiency. Working capital limit utilization stood moderate at 60-65% for the past 12 months ending in November 2025. The firm has unencumbered cash & bank balance of ₹1.12 crores as on September 30, 2025.

**Environment, social, and governance (ESG) risks:** Not applicable

### **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

Mohinder Singh Contractor (MSC) is a Haryana based proprietorship firm promoted by Mr Mohinder Singh established in the year 2004. The firm is engaged in construction of roads & bridges with existing projects spread across various states including Assam, Himachal Pradesh and Uttar Pradesh.

The firm procures orders through online bidding process for tenders issued by government agencies. MSC has a reputed clientele such as states Uttar Pradesh Rural Road Development Agency (UPRRDA), State Public Work Department (CPWD) and other government departments.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26(UA)
Total operating income	30.77	45.86	20.95
PBILDT*	4.94	6.17	NA
Profit after tax (PAT)	2.14	1.90	NA
Overall gearing (x)	0.61	0.39	NA
Interest coverage (x)	3.75	3.73	NA

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

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**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/ ST-Bank Overdraft		-	-	-	4.80	CARE BB-; Stable / CARE A4
Non-fund-based - ST-Bank Guarantee		-	-	-	30.20	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 - LT/ ST-Bank Overdraft	LT/ST	4.80	CARE BB-; Stable / CARE A4				
2	Non-fund-based - ST-Bank Guarantee	ST	30.20	CARE A4				

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/ ST-Bank Overdraft	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple

**Annexure-5: Lender details**

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

**Note on complexity levels of rated instruments:** CareEdge 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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