

Founded in 1980's Tara Chand Infralogistic as M/s Tara Chand & Sons with operations in Steel Trading and Distribution business in Jalandhar and Punjab.

In 1991 Company Got its breakthrough when the company got service contract from SAIL in 1991

In 2003 Company got into Equipment Rental Division business in 2003 specially cranes the biggest crane they acquired was in 2017 of 800 MT (Sanghvi mover's biggest crane is also of 800MT)

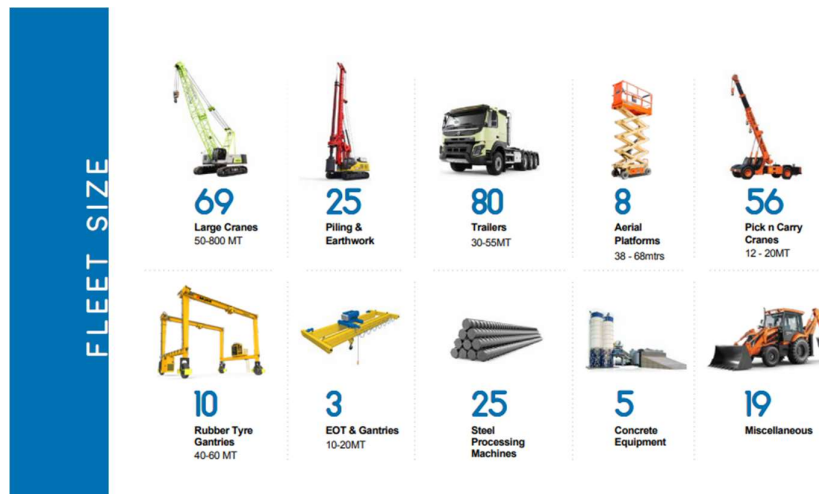
The company also expanded its fleet by Acquiring 20 hydraulic piling rigs between 2018 and 2020 (Action Construction is the competitor here)

The company has executed more than 100 crore of Capex in last 2-3 years

Let's talk about Business segments: -

1. Construction Equipment Rentals – the vertical contributed more than 46% of Revenue For FY23 however for YoY this registered 9% Decline in revenues to 65 Crores where EBIT grew by 138%, the decline in revenue and increase in bottom line is on account of company's conscious decision to move out from unprofitable sub – contracting agreements that negatively impacted topline in near term.

Rental Portfolio –



Rental portfolio is similar bit similar to that of Sanghvi Movers and bit similar to that of Action construction equipment

Sanghvi movers' biggest fleet also ranges from 50 – 800 MT the company also Introduced the first-of-its-kind Zoomlion ZCC5800 (500 MT) Crawler Crane with highest configuration of 84m+84m with a superlift derrick

Cranes and Piling Earthwork are also offered on rental basis by ACE

Sectorial Offering –

1. Railway Infra - Hydraulic piling rigs and concrete equipment along with experienced operating crew on rental basis for the smooth execution of construction of High Speed Rail and Metro Rail projects across the country

2. Oil and Gas - This sector is primarily served by the Equipment Rental vertical through deployment of cranes, piling rigs, aerial working platforms and trailers on operating lease basis
 3. Cement - The company provides suitable cranes and solutions for execution of the critical heavy li s involved in construction of new cement plants or in the maintenance activity of the existing plants. Also, piling rigs are deployed in the civil construction activity of new buildings in these plants. The company’s cranes and aerial working platforms are used for erection or maintenance of important plant equipment like mills, silos, crushers etc
 4. Steel sector – The company is a pioneer in steel handling and logistics. It deploys its cranes, usually 15MT to 40MT capacity range, along with trailers for execution of key activities. A large fleet of trailers is deployed for transportation of steel in the plant premises and also for movement of steel products like coils, rebars, rounds, structural from plants/stockyards to various destinations across the country.
large cranes and aerial working platforms for various mechanical erection activities involved in the construction of new steel plants
Steel processing solutions are provided for the end-user clients and are customized as per the demand. The company provides solutions at client sites or through its associate processing units close to the end-user’s demand site.
2. Steel handling, Transportation & Logistics – Steel Handling, transportation and Logistics has been the back bone of many steels company. The company ensures timely and efficient delivery of steel
For FY23 the total revenue has been 44% of total revenue clocking growth of 40% to 51.79 Crores
The primary driver of this has been contract won by the company worth 160 crores in October 2021
Couldn’t Find any competitor in this segment though views are more than welcomed
 3. EPC Projects – The company wants to diversify into Engineering Procurement and Construction division with focus around Mumbai (not a single revenue but there are looking to enter into this segment)

Clientele – The company has some of the most esteemed clientele 250 crores Market capitalisation company



Developments –

SEGMENT WISE REVENUE MIX

Q2 FY24

Segment	REVENUE	
	Sep-23	Sep-22
Equipment Hiring & Projects	16.57	16.51
Steel Logistics	21.9	13.67
Steel Processing & Distribution	3.74	2.52



HY1 FY24

Segment	REVENUE	
	Sep-23	Sep-22
Equipment Hiring & Projects	33.87	34.1
Steel Logistics	40.25	26.04
Steel Processing & Distribution	7.05	5.22

REVENUE MIX FOR EQUIPMENT RENTALS

Sector	REVENUE SHARE	
	HY SEP23	HY SEP22
Rural & Urban Infrastructure	40%	75%
Metals & Minerals	35%	19%
Cement	15%	4%
Petrochemicals	10%	2%

If I were to see the above Revenue mix, Equipment rental growth is almost nil the reason being that the company had several sub-contracting lease businesses where the company used to offer leasing to the Metro and Rail projects but since such projects didn't generate enough Bottom line and hence company took the strategic decision to migrate from such contracts and deploy those rentals into Different sectors for example metal and mineral mining's, Cement and Petrochemicals.

The Hiring will also show growth in H2 here it's Flat due to the rainy Season

The margins after this development can be termed as sustainable for at least medium term (since we don't know what will EPC business derive for the company) and from given status of order book the management is confident enough to achieve at least 20 – 25% Growth

The company is currently working at almost 75 – 80% Capacity the additional growth will come from improvement in utilisation of rental equipment. And when demand rises in H2 the company gets the better pricing deal and hence the growth of 20 – 25% is not impossible

For Steel Logistics Business have brought in these rubber tyre gantry cranes which are advanced machinery that helps in efficient and cost effective way of handling steel which is suited to the warehousing that they do

Rubber Tyre Gantry (RTG) cranes are commonly used in precast plants for handling and transferring precast items. These cranes are equipped with rubber tires, which allow them to move easily and flexibly within the plant

They are the only private service provider in this country, who owns these machines captively. The others which are owned, are owned by the large organizations like Tata or SAIL or RINL

One thing to note about the business here is that As per income tax rules 15% p.a. Depreciation WDV is to be Applied to machinery taken and given on rental Basis that'll be approx. 7 Years when the machinery gets fully depreciated on the books but the life of machinery is around 15 – 20 years

And hence on cash profit basis the company will seem to be very Cheap and For ROE Profile the company's ROE Improves a lot once the Machinery is fully depreciated

The Company even though has similar product portfolio to that of Sanghvi Movers the Company Doesn't Generate a single penny from the Wind power projects, where as Sanghvi is kind of the leader in Wind power Project's Rental

The company is more exposed to traditional Capex Routes Such as Railways, Cements, Etc.

The company is currently working with ACC and Ambuja to ramp up the their projects once the festive season gets over

The company has long outstanding relationship with the clients

For Example SAIL has been with them since 35 Years where as Larsen has been with them since last 20 Years

Major revenue from 2 – 3 Years down the line will come from Cement Space

Annual Report Notes –

Even though the company's Profit Increased more than 4x the remuneration of Board hasn't Increased except for 1 Independent Director

(iii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2022-2023 as compared to previous year 2021-22:

Name of Director	Designation	Percentage increase in remuneration in the financial year 2022-2023 as compared to previous year 2021-22:
Vinay Kumar	Managing Director	Nil
Ajay Kumar	Whole Time Director	Nil
Himanshu Aggarwal	Executive Director	Nil
Prerna Sandeep Aggarwal	Non-Executive Director	Nil
Sant Kumar Joshi	Independent Director	8.33%
Niranjan Kumar Roy(Resigned w.e.f. 19.08.2023)	Independent Director	Nil
Divakar Kapoli Hebbar(Appointed w.e.f 18th Aug, 2022)	Independent Director	Nil
Suresh Kumar Thapar(Appointed w.e.f 07th October, 2022)	Independent Director	Nil
Neelam Pradeep Kasni(Appointed w.e.f 07th October, 2022)	Independent Director	Nil
Ashok Kumar Goel(Appointed w.e.f 10th March, 2023)	Independent Director	Nil
Nishu Kansal	Company Secretary	14.92%

Bankers of Company are - Axis Bank, HDFC Bank, ICICI Bank, Indusind Bank, State Bank of India, Kotak Bank & Yes Bank

The company also has loan worth 4.5 crores from Tata Capital (3.2) and tata motors (1.3)

Loan from tata capital is Current maturity of Long term Borrowings

The Rate of interest is between 8% - 11.5%

There are certain red flags I found in Related party Transactions – This might not be termed as red flags but can be the sign of not 100% Clean Corporate governance

26. In accordance with AS- 18 " Related Party Disclosure" are as are as follows

(a) Nature of relationship and names of related parties

S. No.	Name of related parties	Nature of Relationship
1	Vinay Kumar	Managing Director
2	Ajay Kumar	Whole Time Director
3	Himanshu Aggarwal	Key Managerial Person- Executive Director & CFO of the Company
4	Nishu Kansal	Key Managerial Person- Company Secretary cum Compliance officer
5	Prerna Sandeep Agarwal	Non-Executive Director
6	Peeyush Aggarwal	Relative of Director
7	Arnav Aggarwal	Relative of Director
8	Ankita Aggarwal	Relative of Director
9	M/s. Phonex Infracon Solution	Firm in which relative of director is Partner
10	M/s. TCA Steels	HUF of Managing Director
11	M/s. Tara Chand Industries Limited	Company in which directors of the company are directors

(b) Transactions with the related parties during the year

(i) Transactions with associates -

Name Of Party	Nature Of Transaction	31st March, 2023	31st March, 2022
M/s. Tara Chand Industries Limited	Handling Exp.	308.11	359.57
M/s. Tara Chand Industries Limited	Rent	6.00	6.00
M/s. Tara Chand Industries Limited	Crane Sale	-	75.00
M/s. Tara Chand Industries Limited	Crane Purchase	75.00	-
M/s TCA Steel	Crane Purchase	12.28	-
M/s TCA Steel	Crane Sale	-	7.23
M/s. Phonex Infracon Solution	Crane Sale	-	157.00
M/s. Phonex Infracon Solution	Tangible Services income	897.94	465.99
M/s. Phonex Infracon Solution	Handling Exp.	-	78.96

Conclusion –

The Company seems to be very interesting company with good exposure to every sector

Capex Cycle in Bharat on rise can give this company a great edge

Would have to look for RPT Though