



Press Release
YASH CONSTRUCTION CO
March 31, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	79.30	ACUITE BBB Stable Assigned	-
Bank Loan Ratings	180.70	-	ACUITE A3+ Assigned
Total Outstanding Quantum (Rs. Cr)	260.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE BBB**' (read as **ACUITE Triple B**) and short-term rating of '**ACUITE A3+**' (read as **ACUITE A Three plus**) on the Rs. 260.00 Cr. bank facilities of Yash Construction Co. (YCC). The outlook is '**Stable**'.

Rating Rationale Assigned

The rating assigned considers YCC's established track record of operations of more than fifteen years, along with extensive experience of its management in the EPC industry and healthy order book position. YCC's operating income improved by ~200% year-on-year basis to Rs. 491.25 Cr. in FY2024 from Rs. 164.42 Cr. in FY2023 and Rs. 192.08 Cr. in FY2022. The rating also favourably factors in the healthy financial risk profile of the company, with a moderate net worth, gearing and debt protection metrics. However, the above-mentioned strengths are constrained by moderate working capital management, geographical concentration risk, tender based operations and presence in a competitive and fragmented industry.

About the Company

Established in 2008, Yash Construction Co is engaged in civil construction work and develops roads and bridges. The day-to-day operations are managed by Mrs. Anita Pradeep Thombre and Mr. Pradeep Madhukarrao Thombre. The registered office is located at Ajinkya City, Ambajogai Road Latur -413 512.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Yash Construction Co (YCC) to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management along with established track record of operations and healthy order book position

YCC is an EPC contractor engaged in construction of road and building, urban infrastructure, commercial,

residential as well as sports facilities. Established in 2008, the firm has gained extensive experience in the construction sector. It is currently focused on civil construction for Public Works Department (PWD) of Maharashtra and National Highway Authority of India (NHAI). The promoters' experience is reflected in the firm's robust growth in revenue which increased by ~200% to Rs. 491.25 Cr. in FY2024 from Rs. 164.42 Cr. in FY2023 and Rs. 192.08 Cr. in FY2022. This growth was driven by improving order book and timely execution of projects.

The firm's operating margin and profit before tax (PBT) margin stood at 11.30% and 7.69% respectively in FY2024 as against 14.71% and 6.09% in FY2023. Further, in 9MFY2025 the firm has achieved a revenue of ~Rs.419 Cr. with an improved operating margin of ~15.5%. The firm's current order book stands at ~Rs. 1900 Cr. as on 31st December 2024 providing healthy revenue visibility over the medium term. Acuite believes that the firm's ability to sustain its scale of operations while maintaining profitability will remain a key rating sensitivity

Healthy Financial Risk Profile

The financial risk profile of the firm stood healthy, marked by moderate net worth, gearing (debt-equity) and debt protection metrics. The tangible net worth increased to Rs. 53.07 Cr. as of March 31, 2024, reflecting sustained profitability and an increase from Rs. 20.21 Cr. on March 31, 2023. The total debt of the firm stood at Rs. 82.99 Cr. which includes long term loans of Rs. 47.31 Cr. and short-term loans (in terms of CC) of Rs. 35.68 Cr. as on 31 March 2024. The gearing (debt-equity) ratio improved to 1.56 times as on 31 March 2024 as compared to 4.21 times as on 31 March 2023. The debt protection metrics stood moderate where the Interest Coverage Ratio improved to 6.93 times for FY2024 as against 3.86 times for FY2023. Debt Service Coverage Ratio (DSCR) improved to 2.87 times in FY2024 as against 1.55 times in FY2023. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 2.49 times as on 31 March 2024 as against 5.21 times as on 31 March 2023.

Acuite believes that the financial risk profile of the firm would continue to remain healthy on account of steady cash accruals with no major debt funded capex plans.

Weaknesses

Moderate Working capital management

The working capital management of the firm is moderate marked by improved yet high GCA days of 78 days in FY2024 as against 160 days in FY2023. The high GCA days are attributed to other current assets. The debtor's collection period stood at 35 days in FY2024 as against 15 days for FY2023. The inventory days stood at 6 days in FY2024 as against 47 days in FY2023. Subsequently, the creditors' days declined to 49 days in FY2024 as against 65 days in FY2023. YCC's reliance on working capital borrowings is moderate marked by average utilization of fund based working capital limits of ~68% and that of non-fund based working capital limits of ~81% during the last fourteen months period ended January 2025.

Acuite expects the working capital operations of the firm to remain moderate on account of the nature of business over the medium term.

Exposure to geographical concentration risk

YCC bids for tenders only in the state of Maharashtra. This exposes the Firm to considerable amount of geographic and geopolitical risks. Any slowdown in project announcements by the state government, or external factors such as socio-political unrest, change in governments policies could adversely affect the firm's operations.

Exposure to Intense competition in a fragmented industry

The engineering, procurement and construction industry is highly fragmented, with the presence of several large pan-India players, where subcontracting and project-specific partnerships for technical or financial reasons are common. The firm faces stiff competition from its competitors in procuring orders through bidding, and intense competition for tenders leads to very competitive pricing, which in turn stresses profit margins. Further, fluctuations in raw material pricing make profit margins vulnerable to significant price changes. However, the presence of price escalation clauses helps mitigate exposure to raw material price fluctuations to some extent. The promoters' vast experience and the firm's long track record of operations gives it an edge in securing large ticket orders.

Acuite believes that the firm's business and financial risk profile could be adversely impacted due to stiff competition and inherent risks in tender-based operations.

Rating Sensitivities

Improvement in scale of operation while maintaining the profitability margins.

Timely execution of orders.

Sustenance of healthy financial risk profile.

Working capital management.

Consistent increase in order book position.

Liquidity Position

Adequate

The liquidity position remains adequate, evidenced by sufficient net cash accruals offsetting maturing debt

obligations. Projections indicate adequate liquidity, with expected cash accruals ranging from Rs. 50-75 Cr. against maturing repayment obligations of ~Rs. 10-18 Cr. over the medium term. The current ratio stood at 1.14 times as on March 31, 2024, as against 1.15 times as on March 31, 2023. However, the reliance on working capital limits stood moderate marked by average utilization of fund based working capital limits of ~68% and that of non-fund based working capital limits of ~81% during the last fourteen months period ended January 2025. Acuité believes going ahead, liquidity position of the firm is expected to remain adequate on account of steady accruals against its repayment obligation and buffer available from unutilised limits.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	491.25	164.42
PAT	Rs. Cr.	37.78	10.01
PAT Margin	(%)	7.69	6.09
Total Debt/Tangible Net Worth	Times	1.56	4.21
PBDIT/Interest	Times	6.93	3.86

Status of non-cooperation with previous CRA (if applicable)

CRISIL, vide its press release dated August 08, 2024 had denoted the rating of Yash Construction Co(YCC) as 'CRISIL BB+/Stable/CRISIL A4+ Issuer not cooperating and Reaffirmed'.

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Janata Sahakari Bank Ltd (Pune)	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A3+ Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	103.00	Simple	ACUITE A3+ Assigned
Janata Sahakari Bank Ltd (Pune)	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	47.00	Simple	ACUITE BBB Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BBB Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	04 Oct 2028	4.30	Simple	ACUITE BBB Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BBB Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	47.70	Simple	ACUITE A3+ Assigned

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About Acuité Ratings & Research

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