



SMERA RATINGS LIMITED

YFC Projects Private Limited (YPPL)

Rating
RationaleMarch 31, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit*	38.50	SMERA BBB/Stable (Assigned)
Term Loan	4.57	SMERA BBB/Stable (Assigned)
Bank Guarantee#	150.00	SMERA A3+ (Assigned)
Inland/Foreign Letter of Credit	20.00	SMERA A3+ (Assigned)

*includes sublimit of FCNR loan of Rs. 22.50 crore

#includes sublimit of bid bond Guarantee and Standby LC of Rs. 40.50 crore and Rs. 100.00 crore respectively

SMERA has assigned a rating of '**SMERA BBB**' (read as **SMERA triple B**) to the Rs.43.07 crore long-term (fund based) bank facility and '**SMERA A3+**' (read as **SMERA A three plus**) to the Rs.170.00 crore short-term (non-fund based) bank facility of YFC Projects Private Limited (YPPL). The outlook is '**Stable**'. The ratings derive comfort from the company's experienced management, comfortable financial risk profile evident from the low leverage and healthy relations with customers and suppliers. However, the ratings are constrained by the working capital intensive operations marked by gross current assets of 188 days in FY2014-15. The ratings are also constrained by the intense market competition, tender based nature of business and high order book concentration.

Outlook: Stable

SMERA believes that YPPL will continue to benefit over the medium term from its established track record and extensive industry experience of the management. The outlook may be revised to 'Positive' if the company increases its customer base without registering deterioration in the capital structure or profitability. Conversely, the outlook may be revised to 'Negative' in case of large scale capex or stretch in working capital limits.

Rating Sensitivity Factors

- Large scale debt funded capital expansion
- Timely execution of orders
- Sustainable growth in revenue and profitability profile

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



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About the Company

YPPL, a civil contractor firm, incorporated in April 1986 is engaged in the construction of buildings and roads. The firm undertakes excavation and earthwork related projects for national and state highways.

For FY2014–15, the company reported profit after tax (PAT) of Rs.3.48 crore on operating income of Rs.167.48 crore, as compared with profit after tax (PAT) of Rs.3.98 crore on operating income of Rs.160.22 crore in FY2013–14. YPPL has reported operating income of Rs.123.09 crore (provisional) for nine months ended December 2015. The net worth of the company stood at Rs.47.47 crore as on March 31, 2015 against Rs.38.88 crore a year earlier.

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