

Press Release

Yash Construction (YC)

9 January, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 7.66 Cr.
Long Term Rating	SMERA D

* Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA D** (read as SMERA D)' to the Rs.7.66 crore bank facility of Yash Construction (YC).

Yash Constructions, established in 2000 is a Ratnagiri based partnership firm engaged in road construction. The firm, registered as a Class I – B category contractor caters to government departments and undertakes contracts of Rs. 25.00 crore at a time. The operations are led by Partners, Mr. Sudhir Bhingarde and Mr. Sandeep Bhingarde.

Key rating drivers

Strengths

Established track record

The firm undertakes civil contracts for the Public Works Department, Zilla Panchayats (Z.P), Pradhan Mantri Gram Sadak Yojna (PMGSY), State Transport Corporation, Irrigation Departments to name a few. The firm is headed by Mr. Sudhir S Bhingarde and Mr. Sandeep S Bhingarde.

Weaknesses

Delays in debt servicing

YC has availed of two term loans - Term loan III with outstanding balance of Rs. 0.42 crore, Term loan IV of Rs. 1.59 crore as on date. As informed by the banker there have been delays in October and November 2017, in servicing the principal and interest due to insufficient balance in their cash credit account.

Working capital intensive operations, stretched liquidity position

The operations are working capital intensive marked by high Gross Current Asset days (GCA) of 107 as against 172 in the previous year due to decrease in inventory days to 46 as on 31 March, 2017 from 89 days in the previous year. Further, the debtor days decreased to 28 as on 31 March, 2017 from 80 in the previous year. The cash credit facility has been fully utilised in the last six months ended November 2017.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of the firm.

About the Rated Entity – Key Financials

Particulars	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	12.32	9.84	12.43
EBITDA	Rs. Cr.	1.83	1.32	1.52
PAT	Rs. Cr.	0.71	0.55	0.79
EBITDA Margin	(%)	14.84	13.39	12.20
PAT Margin	(%)	5.77	5.63	6.36
ROCE	(%)	13.40	12.21	16.12
Total Debt/Tangible Net Worth	Times	1.80	1.17	1.18
PBDIT/Interest	Times	2.85	2.58	3.27
Gross Current Assets	Days	107	172	129

Any other information:

Not Applicable

Applicable Criteria

- Infrastructure Entities - <https://www.smera.in/criteria-infrastructure.htm>
- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Application Financial Ratios and Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

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

None

Rating History (Upto last three years)

Not Applicable

Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA D
Term Loan	Not Applicable	Not Applicable	Not Applicable	2.01	SMERA D
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	1.25	SMERA D
Proposed Facility	Not Applicable	Not Applicable	Not Applicable	0.40	SMERA D

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ABOUT SMERA

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