

Yogi Construction Co.

Instrument	Amount Rated	Rating Action
Cash Credit Limits	Rs. 4.00 crore	[ICRA]BB+ (Stable) assigned
Bank Guarantee	Rs. 30.00 crore	[ICRA] A4+ assigned

The long term rating of [ICRA]BB+ (pronounced ICRA double B plus) has been assigned to the Rs. 4.00 crore¹ long term bank facilities of Yogi Construction Co. (YCC)². The outlook on the long term rating is 'Stable'. ICRA has also assigned the short term rating of [ICRA]A4+ (pronounced ICRA A four plus) to the Rs. 30.00 crore short term non fund based bank facilities.

The assigned ratings take into account the YCC's geographical concentration risk arising from its focus on mostly government projects in Gujarat and the intense competition in the construction space, resulting in pressure on its margins. The ratings are further constrained by the vulnerability of the firm's profitability to fluctuations in input prices in projects with absence/limitations of the pass through clause. ICRA also notes that YCC is a partnership concern and any significant withdrawal from the capital account would affect its net worth and thereby have an adverse impact on the capital structure.

The ratings, however, continue to positively consider the long track record of the promoters in the civil construction industry, supported by established technical qualifications and approvals with the State Government entities. The firm continues to benefit through repeat orders from reputed clientele comprising government, semi-government bodies, and private enterprises and its moderate financial risk profile, with comfortable coverage indicators and capital structure due to an asset-light business model.

Entity Profile

Ahmedabad (Gujarat)-based Yogi Construction Co. (YCC) is a civil constructor with major focus on drainage pipelines, sewerage pumping stations, drainage canals and housing projects for government and semi-government bodies of Gujarat. YCC is a registered "AA" contractor and an approved contractor in the 'Special Category I Contractor' class with the Government of Gujarat. The company was established in 1996 as a partnership firm in Ahmedabad by the Patel family.

Recent Results

According to unaudited results, YCC's net profit stood at Rs. 3.7 crore on an operating income of Rs. 60.1 crore for FY 2016. For FY 2015, the firm reported an operating income of Rs. 70.2 crore and profit after tax of Rs. 4.3 crore as against an operating income of Rs. 31.7 crore and profit after tax of Rs.2.0 crore for FY 2014.

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¹ 100 lakhs = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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