

Yash Hydro Phoenix Project Private Limited

April 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	10.00	CARE BB; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	40.00	CARE BB; Stable / CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation in ratings to the bank facilities of Yash Hydro Phoenix Project Private Limited (YHPPL) continue to be constrained by leveraged capital structure and weak debt coverage indicators, working capital intensive nature of operations, moderate profitability susceptibility of margins to volatility in input prices. The ratings also remained constrained due to fragmented nature of industry and tender based nature of operation leading to intense competition in civil construction and client & geographical concentration risk.

The ratings, however, derive strength from long experience of promoters in civil construction business, improvement in scale of operations albeit remained moderate during FY24 and healthy orderbook position.

Rating Sensitivities: Factors likely to lead to rating actions

Positive Factors

- Sustained increase in scale of operations of the company above Rs.200 crore.
- Improvement in profitability margins, with PBILDT margins over 6% leading to higher cash accruals

Negative Factors

- Decline in PBILDT margins to below 3.50% on a sustained basis
- Deterioration in debt coverage indicators with interest coverage falling below 1.5 times on a sustained basis.
- Elongation in working capital cycle exceeding 90 days on a sustain basis

Analytical approach: Standalone

Outlook: Stable

The continuation of "Stable" outlook reflects CARE Ratings belief that YHPPL will sustain its growth in scale of operations on back of healthy order book position and continue to derive benefits from its experienced promoters.

Detailed description of the key rating drivers:

Key weaknesses

Moderate profit margin during FY24

YHPPL's profitability showed a fluctuating trend during the past four financials years ended FY24. The majority of the orders include installation of a sewage system which has pipe cost as well as labour (outsourced) as its major cost. The cost of the pipes tends to remain volatile which results in the margin remaining relatively lower. The PBILDT margin has improved from 2.96% in FY23 to 5.11% in FY24 owing to a reduction in the cost of material consumed as the same depends upon nature of work undertaken during the period and the same varies on a contract-to-contract basis owing to the tender driven nature of operations along with the price escalation clause with customers. However, the subcontracting expenses increased during the year to manage the higher work executions on time. Furthermore, the PAT margin of the company has also improved from 1.82% in FY23 to 2.29% in FY24 in line with improvement in PBILDT margin.

Leveraged capital structure and weak debt coverage indicators

The company has leveraged capital structure, as indicated by gearing of 4.48x as at the end of FY24 (vis-à-vis 22.83x as at the end of FY23) on account of small net worth base and high reliance on external debt availed for working capital requirements coupled with availment of various long-term loans (Vehicle loan and ECGL loan). However, the comfort can be drawn from the fact that out of total debt of the firm, 43% of the debt in form of unsecured loan from promoters and related parties and are interest free in nature. The debt coverage indicators have improved albeit continues to remain weak with total debt/GCA at 6.21 times in FY24 (vis-à-vis 11.62 times in FY23). Further interest coverage ratio also remained stable to 1.84x in FY24 (1.94x in FY23) and deterioration mainly on account of increase in interest cost during FY24.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Working capital intensive nature of operations

The operations of YHPPL are working capital intensive in nature marked by gross current assets period of 207 days in FY24 (PY: 217 days) on account of funds being blocked in receivables and security deposits and retention money and deposits kept with clients. Since YHPPL deals Gujarat Water Supply & Sewerage Board (GWSSB), the collection period depends on availability of funds with Government bodies. From past couple of year, the collection period has stretched due to slower recovery of debtors. Further, the firm has to procure material from the suppliers defined by its customer's. The creditors period remained in the range of 60-100 days from its suppliers. Increase in collection period led to increase in working capital cycle from 24 days in FY23 to 62 days in FY24.

Exposed to customer and geographical concentration risk; albeit reputed clientele

YHPPL bids for design and installation of sewage and water treatment equipment's tenders issued by Gujarat governments viz. Gujarat Water Supply and Sewerage Board (GWSSB), which accounts for about 80% of total revenue thus exposing to customer concentration risk. However, comfort is drawn from its long-standing and established relationship with the various reputed government entities across Gujarat. However, the exposes it to geographical concentration risk. Further, YHPPL's entire revenue comes from government contracts, making it vulnerable to reductions in government infrastructure spending and changes in tender policies. However, the company is planning to expand into the Madhya Pradesh region and has already begun bidding there. This geographical expansion is expected to generate additional revenue for the company in the future.

Key strength

Long track record of operations of the firm coupled with extensive experience of the promoters in water waste management industry

YHPPL was started as a proprietorship concern by Sandip Sinh N. Gohil in the year 2000 under the name of Yash Construction co. Further, YHPPL has acquired all assets and liabilities (excluding fixed assets) of YCC w.e.f. October 16, 2023 with Mr. Yashpalsinh Nirubha Gohil and Mr. Girvansinh Velubha Gohil appointed as additional directors. The promoters experience of over a decade in the water equipment and sewage equipment installation business, their strong understanding of market dynamics and healthy relationships with suppliers and customers, will continue to support the business risk profile.

Moderate scale of operations despite continuous growth in revenue in FY24 and 11MFY25

The total operating income (TOI) of the company increased by 8.31% in FY24 and stood at Rs.140.49 crore in FY24 (vis-à-vis Rs.129.70 crore in FY23) owing to higher execution of orders undertaken during the year. Further, during April 2024 till March 25, 2025, YHPPL registered revenue of Rs.195.37 crore. The increase in revenue on account of faster execution of orders as well as with conversion of constitution to company, allowing it to bid for larger sized contracts. However, the tangible net worth of the company remains small at Rs.4.84 crore as on March 31, 2024 (PY: Rs. 11.01 crore). Going forward, the company's revenue is expected to grow further, supported by a healthy order book and ongoing project progress in FY25.

Healthy order book position

YHPPL's order book position remains robust, with unexecuted orders of Rs.393.06 crore (2.80x of FY24 Sales) as of November 30, 2024, to be executed over the next 24 months, providing medium-term revenue visibility.

Liquidity: Stretched

The liquidity position of the company remained stretched as indicated by low free cash and bank balance of Rs.0.37 crore as on March 31, 2024. The utilization of its fund based, and non-fund based working capital limits stood at ~90% and ~80% respectively during past 12 months ended February 2025. The expected GCA remained sufficiently cushioned against its debt repayments of Rs.0.60 crore for FY25 and Rs.1.20 crore for FY26. The cash flow from operating activities stood negative at Rs.21.26 crore in FY24 (PY: Positive at Rs.3.92 crore).

Applicable criteria:

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Short Term Instruments](#)

About the Company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Yash Hydro Phoenix Project Private Limited (YHPPL) was incorporated in the year 2023 to acquire the running business of Yash Construction Co. (YCC) w.e.f. Oct 16, 2023. YCC was established in the year 2000 as a proprietorship concern by Sandip Singh Nirubha Gohil. YHPPL is engaged in design and installation of sewage treatment and water treatment works. The company also provides AMC services post installation of equipment. YHPPL was registered as a class AA contractor with the Government of Gujarat. The company bids for tenders floated by Gujarat governments and procures raw material i.e. cement, steel, pipes and other construction materials from suppliers prescribed only by its customers. The average tenure of projects ranges between 12 months to 36 months

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 25, 2025 (UA)
Total operating income	129.70	140.48	195.37
PBILDT	3.84	7.18	8.18
PAT	2.36	3.22	4.75
Overall gearing (times)	2.83	4.48	NA
Interest coverage (times)	1.94	1.84	NA

A: Audited UA: Unaudited; NA- Not available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Nil

Any Other information: Not Applicable

Disclosure of Interest of Independent/Non-Executive Directors of CARE: Not Applicable

Disclosure of Interest of Managing Director & CEO: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Lender details: Annexure-5

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	10.00	CARE BB; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	40.00	CARE BB; Stable / CARE A4

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	40.00	CARE BB; Stable / CARE A4	-	1)CARE BB; Stable / CARE A4 (22-Feb-24)	-	-
2	Fund-based - LT-Cash Credit	LT	10.00	CARE BB; Stable	-	1)CARE BB; Stable (22-Feb-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not applicable**Annexure-4: Complexity level of various instruments rated for this company**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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