

March 03, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	11.50	SMERA BB/Stable (Assigned)
Bank Guarantee	23.00	SMERA A4+ (Assigned)
Non- Fund Based Facility (Proposed)	0.50	SMERA A4+ (Assigned)

SMERA has assigned a rating of '**SMERA BB**' (read as **SMERA double B**) to the Rs.11.50 crore fund-based facility and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.23.50 crore non fund-based facilities of HMM Infra Limited (HIL). The outlook is '**Stable**'. The ratings are supported by the comfortable financial risk profile marked by low gearing and comfortable coverage indicators. The ratings also draw comfort from the company's reputed clientele, healthy order book position and experienced management. However, the ratings are constrained by the uneven revenue trend, working capital intensive operations and moderate net worth base. Further, the ratings also factor in the competitive and cyclical end user infrastructure sector.

Rating Sensitivity Factors

- Sustained improvement in revenues and profitability
- Deterioration in capital structure
- Efficient working capital management

Outlook: Stable

SMERA believes HIL will maintain a Stable profile over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company registers more than expected growth in revenues while achieving improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of higher than envisaged debt funded capex or working capital requirements increasing pressure on margins and capital structure.

About the Company

HIL, incorporated in 1996, is a Chandigarh-based company promoted by Mr. Bhupinder Goel and family. The company is engaged in the manufacturing and fabrication of heavy steel structures with annual capacity of 12,000 MTPA.

For 2014-15, HIL's tangible net worth stood at Rs.21.76 crore as against Rs.16.53 crore in the previous year.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Suman M National Sales Head – Emerging Corporate Group Tel: +91-22-6714 1151 Cell: +91 9892306888 Email: suman.m@smera.in Web: www.smera.in	Pooja Ghosh Associate Vice President – Corporate Ratings Tel: +91-33-6620 1203 Email: pooja.ghosh@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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