

March 30, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	25.00	SMERA BBB-/Stable (Assigned)
Bank Guarantee*	60.00	SMERA A3 (Assigned)
Cash Credit (Proposed)	5.00	SMERA BBB-/Stable (Assigned)
Bank Guarantee (Proposed)	40.00	SMERA A3 (Assigned)

*Letter of Credit of Rs. 6.00 crore (Sub limit of Bank Guarantee)

SMERA has assigned long-term rating of '**SMERA BBB-**' (read as SMERA triple B minus) on the Rs.30.00 crore bank facilities and short term rating of '**SMERA A3**' (read as SMERA A three) on the Rs.100.00 crore bank facilities of CMM Infraprojects Limited (CMM). The outlook is '**Stable**'.

The ratings are supported by the company's long track record of operations and experienced promoters in the civil construction and infrastructure industry. The ratings also draw support from the healthy financial risk profile marked by comfortable leverage (debt/equity), profitability and coverage indicators. The gearing stood at 1.13 times in FY2014-15 (refers to financial year, April 01 to March 31) as compared to 1.28 times in the previous year. CMM has moderate coverage ratio of 2.47 times in FY2014-15 as compared to 2.33 times in the previous year. The operating profit stood at 4.91 times in FY2014-15 as compared to 3.78 times in the previous year. For FY2014-15, CMM reported profit after tax (PAT) of Rs.1.93 crore as compared with PAT of Rs.1.49 crore in FY2013-14 and healthy order book of Rs.4.70 crore. However, the ratings are constrained by the company's high dependence on tender-based contracts in an intensely competitive segment of the civil construction industry. The ratings are also constrained by the susceptibility of the profit margins to volatility in raw material prices.

Outlook: Stable

SMERA believes that CMM will maintain a stable business risk profile over the medium term owing to the promoters' industry experience and established relationships with customers. The outlook may be revised to 'Positive' if CMM substantially improves its revenue by diversifying its client base and prudently managing its working capital requirements. Conversely, the outlook may be revised to 'Negative' in case of decline in the capital structure and deterioration of financial risk profile.

Rating Sensitivity Factors

- Sustained improvement in the scale of operations
- Maintaining profitability margins
- Timely execution of the existing orders in hand
- Being eligible for large size government tenders

Disclaimer: A 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.

About the Company

CMM, incorporated in 2006, is an Indore-based company that undertakes infrastructure projects and civil construction work for the governments of Madhya Pradesh, Orissa, Bihar among others. The promoter, Mr. Kishan Mundra has around two decades of experience in the civil construction business.

For FY2014-15, CMM reported profit after tax (PAT) of Rs.1.93 crore on operating income of Rs.145.28 crore, as compared with PAT of Rs.1.49 crore on operating income of Rs.98.15 crore in FY2013-14. The company's net worth stood at Rs.19.37 crore as on March 31, 2015, as compared with Rs.17.45 crore a year earlier. CMM registered revenue of Rs.138.00 crore (provisional) for the period April 2015 to February 2016.

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