

**April 04, 2016**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit (Proposed)	2.00	SMERA B/Stable (Assigned)
Bank Guarantee/Letter of Guarantee (Proposed)	10.00	SMERA A4 (Assigned)

SMERA has assigned long term rating of '**SMERA B**' (read as **SMERA B**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) to the above mentioned Rs.12.00 crore proposed bank facilities of M. M. Construction (MM). The outlook is '**Stable**'. The ratings are constrained by the small scale of operations and high dependence on tender-based government orders in an intensely competitive segment of the civil construction industry. The ratings are also constrained due to the firm's uneven profitability and working capital intensive business operations. However, the ratings derive comfort from the established presence and extensive industry experience of the promoters in the civil construction business. The ratings also draw support from the comfortable financial risk profile and moderate order book position that provides revenue visibility for the next one year.

Rating Sensitivity Factors

- Scaling operations while maintaining stable profitability
- Working capital management

Outlook – Stable

SMERA believes the outlook on MM's rated facilities will remain stable on account of its experienced management and healthy order book position. The outlook may be revised to 'Positive' in case MM is able to sustain its growth in revenue along with improved profitability and maintains its capital structure. Conversely, the outlook may be revised to 'Negative' if MM fails to scale up on expected revenues and profitability or the working capital cycle deteriorates.

About the Firm

Incorporated in 2001, MM Constructions is a partnership firm promoted by Mr. Mukesh Shah, Mr. Jaswant Shah and Mrs. Dipti Shah. The Mumbai-based firm is engaged in the construction and maintenance of roads and undertakes tender based orders from Brihanmumbai Municipal Corporation (BMC). MM is registered as category IB civil construction contractor.

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SMERA RATINGS LIMITED

M. M. Construction (MM)

Rating Rationale

For FY2014–15, MM reported profit after tax (PAT) of Rs.0.72 crore on operating income of Rs.18.65 crore, as compared with PAT of Rs.0.25 crore on operating income of Rs.8.08 crore in the previous year.

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