



## MMS Infratech Private Limited

Instrument	Amount Rated	Rating Action
Over Draft	Rs 7.00 crore (increased from Rs. 5.00 crore)	Revised to [ICRA]BB-(Stable) from [ICRA]B+
Term Loans	Rs. 4.52 crore (reduced from Rs. 7.21 crore)	Revised to [ICRA]BB-(Stable) from [ICRA]B+
Unallocated Limits	Rs. 2.69 crore	Revised to [ICRA]BB-(Stable) from [ICRA]B+
Bank Guarantee(BG)	Rs 17.00 crore (increased from Rs. 15.00 crore)	[ICRA]A4 reaffirmed

ICRA has upgraded the long-term rating to [ICRA]BB- (pronounced ICRA double B minus) from [ICRA]B+ (pronounced ICRA B plus) assigned to the Rs.7.00 crore (increased from Rs. 5.00 crore) overdraft facility, Rs. 4.52 crore (reduced from Rs. 7.21 crore) term loans and Rs. 2.69 crore long term unallocated facility of MMS Infratech Private Limited (MMS)<sup>†</sup>. The outlook on the long term rating is 'Stable'. ICRA has reaffirmed the short term rating at [ICRA]A4 (pronounced ICRA A four) to the Rs. 17.00 crore (increased from Rs. 15.00 crore) non fund based facility of MMS.

The rating upgrade takes into account the healthy revenue growth witnessed by MMS in FY15 over FY14 and its strong order book (diversified across Gujarat, MP and Rajasthan) position of Rs. 177.62 crore (~2.02 times FY15 operating income) as on November 30, 2015 providing revenue visibility for next 12-18 months. The rating also takes comfort from the past experience of the promoters and their track record of project execution in the civil construction industry; the company's status of "AA" class contractor with Government of Gujarat and its reputed clientele comprising government and semi government bodies which limits counter party credit risk.

The ratings, however, continue to be constrained by moderate financial risk profile of the company as reflected by modest profitability, high gearing levels and average coverage indicators. The ratings also take into account the company's sectoral concentration risk arising from focus on government tendered road construction segment in Gujarat and the high competitive intensity in the construction space resulting in pressure on margins. The ratings are further constrained by the vulnerability of company's profitability to fluctuations in input prices in projects with absence/limitations of pass through clauses. Given the large sized orders currently under implementation and the delays observed in a few projects in the past period, the company's ability to execute the same within the budgeted costs and in a timely manner remains critical from the credit perspective.

### Company Profile

M/s Ramesh Meghji Soratiya (partnership firm, RMS) was promoted by the Hadiya family in April 2007 and was engaged in civil construction work. Subsequently, the promoters incorporated MMS Infratech Private Limited (MMS) in September 2012 and gradually the business of the partnership firm was transferred to MMS; though the partnership firm has not yet been dissolved and the pending orders secured by the RMS in the past are executed under it. MMS, AA class contractor registered with Government of Gujarat, is engaged in roads construction work, transportation, building work, and canal work mostly for government and semi government departments. The company has two hot mix plants, one batch mix plant and a stone-crushing unit in Kutch (Gujarat).

### Recent Results

For the year ended 31<sup>st</sup> March 2015, MMS has reported operating income of Rs. 88.32 crore and profit after tax (PAT) of Rs. 1.46 crore as against operating income of Rs. 33.70 crore and PAT of Rs. 0.90 crore for the year ended 31<sup>st</sup> March 2014.

**December 2015**

\* 100 lakh = 1 crore = 10 million

† For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



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