

HMM Infra Limited

March 28, 2025

Facilities/ Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	62.48	CARE BBB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB+; Stable and moved to ISSUER NOT COOPERATING* category
Long-term / Short-term bank facilities	105.00	CARE BBB; Stable / CARE A3; ISSUER NOT COOPERATING*	Downgraded from CARE BBB+; Stable / CARE A3+ and moved to ISSUER NOT COOPERATING* category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has been seeking information from HMM Infra Limited (HMM) to monitor the rating(s) vide e-mail communications dated March 11, 2025, March 05, 2025, and February 28, 2025, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CARE Ratings has reviewed the rating on the basis of the best available information which however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. Ratings on HMM's bank facilities will now be denoted as CARE BBB; Stable/ CARE A3; ISSUER NOT COOPERATING*.

Users of this rating (including investors, lenders, and public at large) are hence requested to exercise caution while using above rating(s).

Ratings have been revised considering the non-availability of requisite information due to non-cooperation by HMM with CARE Ratings' efforts to undertake a review of the ratings outstanding. CARE Ratings views information availability risk as a key factor in its assessment of credit risk. Ratings assigned to bank facilities of HMM derive strength from growing scale of operations and profitability of the company with comfortable financial risk profile and debt coverage indicators. Ratings also take into cognisance the company's ability of receiving direct contracts for civil construction (including supply of fabricated steel structures), resulting in reduced dependency on other contractors. Ratings also factor in the healthy execution of orders in FY24 (refers to April 1 to March 31) resulting in growth in the company's scale of operations. Ratings also consider the company's long track record of operations and experienced promoters. However, ratings are constrained by the customer concentration risk and elongated operating cycle of the company owing to higher inventory holding period. Ratings also take cognisance of fragmented & competitive nature of the industry and profitability margins susceptible to raw material price variability.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers: At the time of last rating on June 14, 2024, the following were the rating strengths and weaknesses (updated for financials for FY24 available from Ministry of Corporate Affairs).

Key strengths

Growing scale of operations and profitability in FY24

The company has reported a total operating income (TOI) of ₹534.39 crore registering a growth of ~109% over FY23's TOI of ₹255.13 crore. The scale of operations grew considering healthy execution of orders in hand. The profitability of the company has increased on absolute basis with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin remained stable at ~14% since past two fiscal years. The profit after tax (PAT) margin of the company increased to 8.27% in FY24 against 7.09% in FY23.

Comfortable financial risk profile

The capital structure of the company stood at a comfortable level as marked by an overall gearing of 0.58x as on March 31, 2024, improving slightly from 0.79x as on March 31, 2023, because of accretion of profits to the company's net worth. The coverage indicators as marked by interest coverage ratios and total debt/ gross cash accruals (GCA) improved to 6.35x and 2.10x as on

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

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March 31, 2024, from 4.78x and 4.93x, respectively, owing to healthy execution resulting in improvement in profitability in net terms. Due to non-availability of outstanding balance of mobilisation advance, it has not been added to the total debt position as on March 31, 2024. Although total outstanding liability to tangible net worth position stood comfortable at 1.03x as on March 31, 2024.

Long track record of operations and a healthy order book position and a reputed client base

HMM is engaged in the engineering industry for over two decades. The company has been indulged in large-scale projects for some reputed clients such as Maharashtra Rail Infrastructure Development Corporation Limited, KEC International Limited, and Gawar Construction Limited among others, thus having a well-established reputation in the EPC industry in India. As on March 31, 2024, the unexecuted order book of the company stood ₹1,230.40 crore, which is 2.30x the TOI of FY24, providing medium-term revenue visibility.

Experienced promoters:

The company is led by Bhupinder Goel (Managing Director), Ajay Mittal (Director; cousin of Bhupinder Goel), Mannan Goel (Director; son of Bhupinder Goel), Alka Goel (Director; wife of Bhupinder Goel), Lokesh Bansal (Independent Director) and Vineet Aggarwal (Independent Director) who have experience ranging from ~17 years to ~47 years in the industry. The company's day-to-day operations are mainly handled by Bhupinder Goel (handling the finance function), Ajay Mittal (handling the administration), and Mannan Goel (handling the marketing function). The directors of the company are ably supported by a well-qualified team of professionals who are highly experienced in their respective domains.

Key weaknesses**Client concentration risk, albeit declining concentration over the years**

HMM faces customer concentration risk with top-10 clients accounting for ~60%, respectively, of the total income. However, the risk is mitigated to some extent as the top revenue contributors are well-established players and enjoy a strong position in the industry. HMM has been associated with few of these players for over a decade and gets repeat orders from them. For the government contracts, the company builds the steel bridges and the civil work required for the specific project.

Competitive nature of industry and tender-based operations

The construction industry in India is highly fragmented with a large number of small and mid-sized players. This, coupled with tendering process in order procurement results into intense competition within the industry, which constrains the scale and profitability of companies operating in the industry.

Margins susceptible to fluctuations in raw material prices

HMM's operations are highly raw material intensive in nature with the raw material cost constituting as the major cost of production. The key raw material (steel) prices are fluctuating in nature as they depend on the demand and supply scenario. This exposes the margins of the company to adverse movement in the raw material prices. However, in some of the contracts, where the duration of the project extends to more than six months, there exists an escalation clause to mitigate the company's risk of raw material price volatility.

Liquidity: Not applicable

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

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[Iron & Steel](#)

[Construction](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Iron & steel products

Incorporated in 1996, HMM (earlier known as HMM Coaches Limited) is an Ambala, Haryana-based public limited company engaged in manufacturing/fabrication of heavy steel structures and galvanised structures. The company has a single manufacturing facility in Ambala, Haryana, with an installed capacity of 3000 metric tonnes per month as on March 31, 2023.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	255.13	534.39
PBILDT	34.51	73.64
PAT	18.10	44.19
Overall gearing (times)	0.79	0.58
Interest coverage (times)	4.78	6.35

A: Audited UA: Unaudited; Note: these are latest available financial results

Note: The company has voluntarily adopted the Indian Accounting Standards (Ind AS) in FY24. Accordingly, the company has applied the retrospective application of Ind AS, apart from certain mandatory and optional exemptions from retrospective application.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	55.00	CARE BBB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	-	October 2026	7.48	CARE BBB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	105.00	CARE BBB; Stable / CARE A3; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No	Name of the Instrument / Bank Facilities	Current Ratings			Rating History			
		T Y P E	Amount Out-standing (₹ 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	Fund-based - LT-Cash Credit	LT	55.00	CARE BBB; Stable; ISSUER NOT	1)CARE BBB+; Stable (14-Jun-24)	1)CARE BBB; Stable (04-Apr-23)	-	1)CARE BBB; Stable (29-Mar-22)

				COOPERATING*	2)CARE BBB+; Stable (03-Apr-24)			
2	Non-fund-based - LT/ ST-Bank Guarantee	LT / ST	105.00	CARE BBB; Stable / CARE A3; ISSUER NOT COOPERATING*	1)CARE BBB+; Stable / CARE A3+ (14-Jun-24) 2)CARE BBB+; Stable / CARE A3+ (03-Apr-24)	1)CARE BBB; Stable / CARE A3+ (04-Apr-23)	-	1)CARE BBB; Stable / CARE A3+ (29-Mar-22)
3	Fund-based - LT-Term Loan	LT	7.48	CARE BBB; Stable; ISSUER NOT COOPERATING*	1)CARE BBB+; Stable (14-Jun-24) 2)CARE BBB+; Stable (03-Apr-24)	1)CARE BBB; Stable (04-Apr-23)	-	1)CARE BBB; Stable (29-Mar-22)

*Issuer did not cooperate; based on best available information.

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

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

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

Annexure-5: Lender details

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

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

Contact us

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About us:

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Disclaimer:

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