



**Press Release**  
**M M BROTHERS**  
**March 25, 2025**  
**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	6.00	ACUITE BBB-   Stable   Assigned	-
Bank Loan Ratings	14.00	ACUITE BBB-   Stable   Reaffirmed	-
Bank Loan Ratings	14.00	-	ACUITE A3   Assigned
Bank Loan Ratings	122.00	-	ACUITE A3   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	156.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) and the short-term rating of ‘**ACUITE A3**’ (read as **ACUITE A three**) on Rs.136.00 crore of bank facilities of M M Brothers (MMB). The outlook is ‘**Stable**’.

Further Acuite has assigned the long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) and the short term rating of ‘**ACUITE A3**’ (read as **ACUITE A three**) on Rs.20.00 crore of bank facilities of M M Brothers (MMB). The outlook is ‘**Stable**’.

**Rationale for the rating**

The rating continues to reflect the firm’s established track record of operations spanning more than three decades in executing electrical works projects. Further, the firm witnessed steady scale of operations marked by an operating income of Rs. 138.83 Cr. in FY24 due to Central & State Election and delay in the release of funds by the Government departments. The current order book of Rs. 473.37 Crore approximately as on 15th February 2025 provides revenue visibility over the medium term. The ratings also factor in firm’s healthy financial risk profile marked by its moderate net worth, low gearing ratio and healthy debt protection ratios. The ratings are constrained by intensive competition in construction business.

**About the Company**

Established in 1980, M M Brothers is a government contractor for electrical works, such as Laying of underground cable, erection and commissioning of Sub-Stations, survey, installation, testing, Shifting of line/cables, street lighting work and commissioning of 11 kilovolt (KV) to 33 KV electrical lines, transmission towers, and meters. M. M. Brothers was established by Late Mr. Dhoop Chand Sogani as a proprietorship concern, MMB was reconstituted as a partnership firm in April 2010.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered standalone financial and business risk profile of M M Brothers to arrive at the rating.

## **Key Rating Drivers**

### **Strengths**

**Stable Revenue and Profitability**

The firm witnessed same level of operations marked by an operating income of Rs. 138.83 Cr. in FY2024 as against Rs. 139.50 Cr. in FY2023 due to the Central & State Election and delay in the release of funds by the Government departments. Going forward, the ability of the firm to bag new orders and timely execution of the existing orders will remain a key rating monitor able. The EBITDA margin of the firm stood at 10.25 per cent in FY2024 as against 10.69 per cent in FY2023. The PAT margin of the firm stood at 7.47 per cent in FY2024 against 7.98 per cent in FY2023. Though the firm's profitability is exposed to volatility in raw material, it has an in-built price escalation clause for major raw materials in most of its contracts. Going forward, the firm has achieved revenue of Rs. ~74.40 Crore from April 2024 to January 2025. In current year, on the account election year the turnover has been impacted. Going forward it is expected to be improved in near to medium term.

### **Healthy Financial Risk Profile**

The financial risk profile of the firm is healthy marked by net-worth of Rs. 59.68 Crore as on 31st March 2024 against Rs. 53.82 Crore as on 31st March 2023 on account of Profit accretion. Further, the total debt of the firm stood at Rs. 21.97 Crore as on 31st March 2024 against Rs. 3.91 Crore as on 31st March 2023. Despite higher debts, the capital structure of the firm is comfortable marked by gearing ratio of the firm which stood at 0.37 times as on 31st March 2024 against 0.07 times as on 31st March 2023. Further, the coverage indicators of the firm reflected by interest coverage ratio and debt service coverage ratio of the firm which stood at 4.13 times and 3.66 times respectively as on 31st March 2024 against 4.11 times and 3.97 times respectively as on 31st March 2023. The TOL/TNW ratio of the firm stood at 0.79 times as on 31st March 2024 against 0.80 times as on 31st March 2023 and DEBT-EBITDA of the firm stood at 1.53 times as on 31st March 2024 against 0.25 times as on 31st March 2023. Acuité believes that going forward the financial risk profile of the firm will remain healthy in near to medium term.

### **Healthy Order Book**

MMB has a healthy unexecuted order book position to the tune of Rs. 473.37 Crore approximately as on 15th February 2025. The OB/OI of the firm stood at 3.41 times. Going forward, the ability of the firm to bag new orders and timely execution of the existing orders will remain a key rating monitor able.

### **Weaknesses**

#### **Intensive Working Capital operations**

The working capital operations of the firm is intensive marked by GCA days which stood at 175 days as on 31st March 2024 against 148 days as on 31st March 2023. There is an increase in the GCA days due to the debtor days of the firm which stood at 98 days in FY24 against 32 days in FY23 due to delay in the release of fund by the Government departments whereas inventory days of the firm stood at 59 days in FY24 against 91 days in FY23. However creditor days of the firm stood at 38 days in FY24 against 96 days in FY23. This shows that despite having high debtor days, the firm is paying timely to its creditors by infusion of unsecured loans and using bank lines. Acuité believes that going forward the working capital operations of the firm will improve in near to medium term.

### **Highly competitive industry marked by tender based nature of business**

The firm's performance is susceptible to the tender based nature of business, where the business depends on the ability to bid for contracts successfully. Risk become more pronounced as tendering is based on minimum amount of bidding of contracts.

### **Rating Sensitivities**

- Movement in scale of operations
- Movement in operating margin
- Movement in Working capital operations

### **Liquidity Position**

#### **Adequate**

The liquidity profile of the firm is adequate. The net cash accruals of firm stood at Rs. 10.88 Cr. in FY 24 against the debt obligation of Rs. 0.45 Cr. for the same period. The firm has cash & bank position of Rs. 0.22 Cr. and current ratio stood at 1.98 times for FY 24. The average fund based bank limit utilization is at ~73.52% and non-fund based bank limit utilization is at ~75.27% for the 9 months' period ending November 2024. Acuite believes that the firm will continue to enjoy adequate liquidity at the back of healthy cash accruals, low debt repayments, absence of debt funded capex plans and healthy current ratio over the medium term.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	138.83	139.50
PAT	Rs. Cr.	10.36	11.13
PAT Margin	(%)	7.47	7.98
Total Debt/Tangible Net Worth	Times	0.37	0.07
PBDIT/Interest	Times	4.13	4.11

**Status of non-cooperation with previous CRA (if applicable)**

Not applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

**Not applicable**

**Any other information**

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
26 Dec 2023	Letter of Credit	Short Term	3.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	47.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	38.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	19.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	7.00	ACUITE BBB-   Stable (Reaffirmed)
	Secured Overdraft	Long Term	2.00	ACUITE BBB-   Stable (Reaffirmed)
	Secured Overdraft	Long Term	5.00	ACUITE BBB-   Stable (Assigned)
27 Sep 2022	Letter of Credit	Short Term	3.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	47.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	38.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	7.00	ACUITE BBB-   Stable (Reaffirmed)
	Secured Overdraft	Long Term	2.00	ACUITE BBB-   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	47.00	Simple	ACUITE A3   Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	38.00	Simple	ACUITE A3   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A3   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	19.00	Simple	ACUITE A3   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE A3   Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.00	Simple	ACUITE A3   Assigned
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.00	Simple	ACUITE A3   Assigned
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.00	Simple	ACUITE BBB-   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.80	Simple	ACUITE BBB-   Stable   Assigned
Punjab National Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE A3   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.20	Simple	ACUITE BBB-   Stable   Assigned
Yes Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BBB-   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB-   Stable   Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BBB-   Stable   Assigned

## Contacts

Mohit Jain Senior Vice President-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Siddharth Garg Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a>

### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

**Disclaimer:** An Acuité 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. Ratings assigned by Acuité 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, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité 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. Ratings assigned by Acuité 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.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

**Note:** None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.