May 06, 2025

MMS Infratech Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term loan	14.11	6.88	[ICRA]B+(Stable); reaffirmed
Long-term – Fund-based – Overdraft	17.00	13.5	[ICRA]B+(Stable); reaffirmed
Short-term – Non-fund based – Bank guarantee	25.48	25.48	[ICRA]A4; reaffirmed
Long-term/Short-term – Unallocated	0.00	10.73	[ICRA]B+ (Stable)/ [ICRA]A4; reaffirmed
Total	**56.59**	**56.59**	

**Instrument details are provided in Annexure I*

Rationale

The assigned ratings take into consideration the long experience of MMS Infratech Private Limited's (MIPL) promoters in the civil construction industry, wherein it is a Class-AA category contractor with the roads and building (R&B) department of the Government of Gujarat (GoG). ICRA notes the significant increase in the company's operating income (OI) to ~Rs. 105 crore (provisional) in FY2025 from Rs. 33 crore in FY2024, driven by the execution of its order in hand.

The ratings are, however, constrained by the weak order inflow, with no new order addition during the last fiscal and limited orders in hand (nearing completion), leading to pressure on the company's revenue profile for FY2026/FY2027. As of March 2025, it had an unexecuted order book position of ~Rs. 160 crore, to be executed over the next 1-1.5 years, providing limited revenue visibility of ~1.5 times based on FY2025's revenue. Going forward, the company's ability to acquire new orders would remain a key monitorable. The ratings are also constrained by the modest financial risk profile as reflected by subdued debt coverage metrics with an interest cover of 1.7 times and 2.8 times, respectively, in FY2024 and FY2025 (on provisional basis). MIPL's liquidity profile remains stretched, with impending debt repayments expected to be tightly matched against future accruals, along with limited buffer in its working capital limits. Further, the company faces high sectoral and client concentration risks as 100% of its outstanding order book as of March 2025 was concentrated towards road construction projects and to a single client in the R&B department. Also, most of the projects executed in the past and the outstanding order book remains concentrated in Gujarat resulting in high geographical risk.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company is likely to sustain its operating metrics even as its revenue growth would remain under pressure. Further, the outlook underlines ICRA's expectations that the company's working capital and short-term fund requirements would be funded in such a manner that MIPL is able to durably maintain its debt protection metrics commensurate with the existing ratings.

Key rating drivers and their description

Credit strengths

Adequate experience of promoters in civil construction industry – MIPL's promoters, Mr. Kantilal Hadiya, and Mr. Madhavji Hadiya, have adequate experience (more than 25 years) in civil construction work involving roads, buildings, railway projects for government entities. MIPL is a government-approved contractor with Class-AA (roads and buildings) certification from the Government of Gujarat.

Credit challenges

Modest financial risk profile, coupled with subdued order book position – MIPL's OI recovered significantly in FY2025 to ~Rs. 105 crore (provisional) from Rs. 33 crore in FY2024, driven by execution of orders in hand. However, the company's revenue remains moderate, which is unlikely to increase substantially in the near to medium term, considering the limited size of its order book. As on March 31, 2025, it had an unexecuted order book position of ~Rs. 160 crore, to be executed over the next 1-1.5 years, providing a revenue visibility of ~1.5 times based on FY2025's revenue. However, it did not secure any new orders in FY2025, making the acquisition of new orders a key monitorable. Further, MIPL's debt coverage indicators remain subdued owing to low cash accruals and relatively high borrowing levels. Going forward, the company's debt protection metrics would remain under pressure due to expected limited accruals and debt-funded capex (Rs. 5.5 crore) planned in FY2026.

High sectoral, client and geographical concentration risks – MIPL faces high sectoral and client concentration risks as 100% of its outstanding order book as of March 2025 was concentrated towards road construction projects and to a single client R&B division. Further, most of the projects executed by the company in the past, along with the outstanding order book, remained concentrated in Gujarat, resulting in high geographical risk.

Profitability vulnerable to input price fluctuations and intense competition – MIPL's operating margins are susceptible to adverse fluctuations in input prices as majority of its contracts are fixed-price contracts and do not have provision for a pass-through clause. Further, stiff competition and the fragmented structure of the civil construction industry impacts the company's pricing position and consequently its profitability.

Liquidity position: Stretched

MIPL's liquidity remains stretched, with impending debt repayments expected to be tightly matched against the future accruals. Additionally, the working capital limits are nearly fully utilised, providing limited buffer.

Rating sensitivities

Positive triggers – ICRA could upgrade MIPL's ratings if it is able to demonstrate a sustained improvement in its order book, scale and profitability, along with an improvement in liquidity profile.

Negative triggers – The ratings may be downgraded if the company witnesses slower execution and/or order inflow, thereby resulting in sustained decline in revenues and profits. Further, a stretch in the working capital cycle or a large debt-funded capital expenditure exerting pressure on its liquidity could result in a downgrade of the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of the rated entity.

About the company

Incorporated in September 2012, MMS Infratech Private Limited undertakes civil construction work, mainly comprising roads, building, railway, and irrigation works for various government and semi-government entities. It is registered as a contractor in 'AA' class category in Gujarat. The company is based out of Anjar - Kutch (Gujarat).

Key financial indicators

Standalone	FY2023	FY2024	FY2025*
Operating income	117.9	33.0	104.7
PAT	(9.3)	1.2	3.8
OPBDIT/OI	(4.4%)	16.9%	8.7%
PAT/OI	(7.9%)	3.6%	3.6%
Total outside liabilities/Tangible net worth (times)	1.9	1.7	1.2
Total debt/OPBDIT (times)	-4.5	4.5	2.2
Interest coverage (times)	-1.6	1.7	2.8

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)				Chronology of rating history for the past 3 years					
			FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	6.88	May-06-25	[ICRA]B+ (Stable)	Apr-26-24	[ICRA]B+ (Stable)	-	-	Feb-28-23	[ICRA]BB- (Stable)
Overdraft	Long term	13.5	May-06-25	[ICRA]B+ (Stable)	Apr-26-24	[ICRA]B+ (Stable)	-	-	Feb-28-23	[ICRA]BB- (Stable)
Bank guarantee	Short term	25.48	May-06-25	[ICRA]A4	Apr-26-24	[ICRA]A4	-	-	Feb-28-23	[ICRA]A4
Unallocated	Long-term/Short term	10.73	May-06-25	[ICRA]B+ (Stable)/ [ICRA]A4	-	-	-	-	Feb-28-23	[ICRA]BB- (Stable)/ [ICRA]A4

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – Term loan	Simple
Long-term – Fund-based – Overdraft	Simple
Short-term – Non-fund based – Bank guarantee	Very Simple
Long-term/Short-term – Unallocated	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan	FY2019	-	FY2029	6.88	[ICRA]B+ (Stable)
NA	Overdraft	-	-	-	13.5	[ICRA]B+ (Stable)
NA	Bank guarantee	-	-	-	25.48	[ICRA]A4
NA	Long-term/Short - term – Unallocated				10.73	[ICRA]B+ (Stable)/ [ICRA]A4

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis: Not Applicable

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