

M M Construction Company

November 05, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	33.00	CARE BB; Stable / CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the bank facilities of M M Construction Company (MMC) are constrained on account of its limited scale of operations, low profitability margins, moderate order book position and stretched liquidity.

The ratings are also impacted by its presence in a highly fragmented and competitive construction industry, vulnerability of profitability to volatile raw material prices and its constitution as a partnership firm.

The ratings, however, are supported by the established track record of operations of the firm, its reputed clientele and moderate solvency position.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in scale of operations with total operating income (TOI) exceeding ₹90 crore on a sustained basis while maintaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 8%.
- Improvement in order book position and timely execution of the same.
- Strengthening of net worth base

Negative factors

- Reduction in scale of operations or profitability margins from current level on sustained basis.
- Weakening of liquidity position due to delay in realisation of receivables from government departments.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the firm will continue to benefit from its experienced partners in the construction industry and its reputed clientele.

Detailed description of key rating drivers:

Key weaknesses

Limited scale of operations and low profitability margins

MMC achieved TOI of ₹61.11 crore in FY25 (FY refers to April 01 to March 31) compared to ₹60.99 crore in FY24. The PBILDT margin stood moderate at 6.69% in FY25 (Prov.) and remained in the range of 5.20-6.70% in the past three years due to the nature of tender-driven business.

In line with the PBILDT margin, the profit after tax (PAT) margin also stood low at 1.70% in FY25 (Prov.) compared to 2.24% in FY24. The PAT margin in FY25 declined due to lower non-operating income (interest on fixed deposits).

Moderate order book position with high geographical concentration despite reputed clientele

As on September 29, 2025, MMC had an outstanding order book of ~₹138 crore, resulting in an order book to TOI ratio of 2.26, indicating revenue visibility in the near-to-medium term.

The firm's order book is entirely concentrated in Rajasthan, with all projects scheduled for execution within the state. Its client base comprises government departments based in Rajasthan. The firm's strategic focus on the road construction segment limits its exposure to other sectors. As a regional player operating primarily near Kota, the firm faces significant geographical concentration risk due to its restricted operational footprint.

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

Constitution as a partnership concern

The credit risk profile of MMC is constrained by its partnership nature of constitution due to the inherent risk of capital withdrawal, which may affect financial flexibility. The partners have continuously infused capital over the last five years, with net worth increasing to ₹14.98 crore in FY25 from ₹2.91 crore in FY21. As per the provisional results of FY25, the partners have added capital of ₹2.96 crore through retention of profit, interest on capital and partner's remuneration.

Presence in a highly fragmented and competitive construction industry with margins susceptible to volatile raw material prices

MMC is a small-sized player operating in an intensely competitive and fragmented construction industry with presence of a large number of contractors. Due to low counterparty credit risk associated with government bodies, these projects attract intense competition. Also, prices of basic raw materials such as steel, cement, bitumen and asphalt required by the firm are volatile. Hence, in the absence of price escalation clause, MMC's profitability remains susceptible to sharp variations in raw material prices. As per management, price escalation is available for the majority of contracts and is based on negotiation with departments.

Key strengths

Established track record of operations

The firm is an AA-class approved contractor with Public Works Department (PWD), Rajasthan and is eligible to participate in contracts of all sizes pertaining to construction work of roads. Being present in the industry since 2004, it has an established track record of operations in the civil construction industry and has a long-standing relationship with PWD, Rajasthan which is its primary source of contracts. Moreover, it owns most of the machinery and equipment required for project execution which facilitates efficient deployment of resources and timely execution of projects. The overall activities of MMC are managed by Mangi Lal Sharma, who has more than two decades of experience in the industry.

Moderate solvency position

As on March 31, 2025, MMC had a moderately leveraged capital structure with overall gearing of 0.93x on a net worth base of ₹14.98 crore. Furthermore, the debt coverage indicators were moderate with PBILDT interest coverage of 2.67x and total debt to gross cash accruals (GCA) of 5.40x in FY25.

Liquidity: Stretched

Liquidity of MMC remained stretched marked by tightly matching gross cash accruals to term loan repayments in FY26, and high average utilisation of its fund-based limits at 85% for past 12 months ending. The operating cycle stood at 68 days in FY25 as against 53 days in FY24. Further, the cash flow from operations (CFO) stood at Rs. 4.38 crore in FY25. MMC had cash and bank balance of Rs. 1.09 crore as on March 31, 2025.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Churu (Rajasthan) based M M Construction Company was started as proprietorship firm in 2004 by Mr. Mangi Lal Sharma and was later converted to partnership firm in July 2007. MMC is mainly engaged in the construction & repair of roads, building, pipelines and bridges as well as planning, designing, engineering, erection, installation and commissioning of various projects for government departments in the state of Rajasthan. MMC is registered 'AA' class (highest in the scale of AA to E) approved contractor with Public Works Department, Rajasthan.

MMC has completed various projects in the past for a reputed clientele like Rajasthan State Industrial Development & Investment (RIICO), Rajasthan State Agriculture Marketing Board, Rajasthan State Road Development Corporation (RSRDC), Public Works Department and National Highway Authority of India.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	60.99	61.11
PBILDT	4.13	4.09
PAT	1.37	1.04
Overall gearing (times)	1.34	0.93
Interest coverage (times)	2.74	2.67

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

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Bank Overdraft		-	-	-	6.50	CARE BB; Stable / CARE A4
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	26.50	CARE BB; Stable / CARE A4

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	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
1	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	26.50	CARE BB; Stable / CARE A4				
2	Fund-based - LT/ ST-Bank Overdraft	LT/ST	6.50	CARE BB; Stable / CARE A4				

LT: Long term; ST: Short 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/ ST-Bank Overdraft	Simple
2	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: CareEdge 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

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Pradeep Kumar V Senior Director CARE Ratings Limited Phone: +91-44-2850 1001 E-mail: pradeep.kumar@careedge.in</p>	<p>Analytical Contacts</p> <p>Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: +91-79-4026 5611 E-mail: kalpesh.patel@careedge.in</p> <p>Vipin Bardia Associate Director CARE Ratings Limited Phone: +91-79-4026 5671 E-mail: Vipin.bardia@careedge.in</p> <p>Rajat Jain Lead Analyst CARE Ratings Limited E-mail: Rajat.Jain@careedge.in</p>
---	--

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**