



## Press Release

### Mohan Mutha Exports Private Limited (MMEPL)

February 1, 2025

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	33.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	-	Rating Assigned	<a href="#">Simple</a>
Short Term Facilities	245.00	IVR A3 (IVR A Three)	-	Rating Assigned	<a href="#">Simple</a>
Long Term / Short Term Facilities	22.00	IVR BBB-/ Stable / IVR A3 (IVR Triple B Minus with Stable Outlook / IVR A Three)	-	Rating Assigned	<a href="#">Simple</a>
<b>Total</b>	<b>300.00</b> <b>(Rupees Three Hundred crore only)</b>				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics Ratings has assigned rating to the bank facilities of MMEPL which derive strength from diversified revenue stream and moderate profitability, strong order book, comfortable capital structure and debt protection metrics and experienced promoters with an established track record in the industry. However, these rating strengths are partially offset by high exposure to Maldives, working capital intensive nature of operations and foreign exchange fluctuation risk.

The ratings have been assigned a stable outlook as the MMEPL's business and financial risk profile is expected to be maintained over the medium term.

#### Key Rating Sensitivities:



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### Upward Factors

- Sustained improvement in EBITDA margins and revenue while maintaining the current credit profile

### Downward Factors

- Sustained decline in revenue and profitability and/or deterioration in working capital cycle and/or any debt fund led capex to deterioration in credit profile and liquidity.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Diversified revenue stream and moderate profitability**

MMEPL has diversified revenue stream with trading accounts for ~59% of the revenue for FY24 (period refers to 01st April 2023 to 31st March 2024) and ~39% from EPC segment. As per management, EPC segment contribution likely to increase through FY25-FY27 due to strong order book.

MMEPL's profitability in terms of EBITDA margins and PAT margins have improved to 9.07% and 5.97% respectively during FY24 (FY23: 8.33% and 4.01% respectively) due to higher contribution from high margin EPC segment. Infomerics expects profitability to improve further with higher contribution from EPC segment. MMEPL has earned revenue of Rs.769.55 during 9MFY25 and EBITDA margins of 9.10%.

- **Strong Order Book**

As on September 30, 2024, the company had an unexecuted order book position of Rs.4861 crore (4.50x of FY24 revenue), to be executed in a period of 24 months indicates medium revenue visibility. All orders are exclusively from international clients. The order book are from customers like Rail Vikas Nigam Limited for infrastructure projects to be executed in Maldives the same is funded by Government of India, Government of Male (Maldives) (the company works only with advance payment) and Novel Muscat, Oman.

- **Comfortable capital structure and debt protection metrics**



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MMEPL's capital structure remained comfortable in FY24 with overall gearing (on Adjusted tangible Net Worth (incl. Corp. Guarantee)) (MMEPL has extended corporate guarantee to secure term loan to its subsidiary company i.e. HRS Infratech PTE Ltd.) as well as TOL/ATNW improved to 0.68x and 1.73x respectively as on 31st March 2024 (31st March 2023: 1.02x and 1.82x respectively) with improvement in net worth and repayment of loans. Infomerics expects capital structure to improve in the medium term with profit accretion to the net worth and absence of debt led capex. Debt protection metrics remained comfortable with interest coverage ratio which has improved and stood at 3.90x in FY24 (P.Y.: 2.80x) and total debt/NCA has improved and stood at 2.04 years in FY24 (FY23: 5.95 years) with scheduled debt repayments. IVR expects debt protection metrics are expected to be remain comfortable through FY25-FY27 with absence of any debt led capex.

- **Experienced Promoters with an established track record in the industry**

MMEPL started its operations 2006 and has a long track record of around two decades. The promoters have extensive industry experience and an established track record in trading and EPC business. Along with the experienced management team the company enjoys the benefit of established relationships with customers and suppliers.

### Key Rating Weaknesses

- **High Exposure Maldives**

MMEPL derives more than 90% of the revenue from Maldives; as on 31st December 2024, total receivable from Maldives is around Rs.90 crore. However, Infomerics derives comfort as MMEPL exports mainly essential commodities like construction materials, food items and other items and the company directly deals with Government Departments.

- **Working capital intensive nature of operations**

The operations of the company are working capital intensive largely due to higher working capital requirements. MMEPL net working capital stood at 91 days at the end of FY24 (FY23: 137 days), with collection days of 147 days (FY23: 178 days). Collection days were higher due to delay in receipt of payment from trading segment, majority of the receivables



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are from Maldives. However, as per management, these receivables are recoverable in nature as MMEPL trades mainly includes essential commodities. Debtors more than 180 days stood at Rs.178.46 crore in FY24 which heighten the receivable risk; however Infomerics derives comfort as debtors in this bucket has been reduced significantly when compared with 31<sup>st</sup> March 2024.

- **Foreign exchange fluctuation risk**

Exports accounts for 98% of the revenue for FY24, hence MMEPL exposes to foreign exchange fluctuation risk. However, MMEPL has the option to hedge its exposure through forward contracts.

**Analytical Approach:** Standalone Approach

**Applicable Criteria:**

[Rating Methodology for Trading Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

**Liquidity – Adequate**

MMEPL's liquidity is expected to remain adequate in medium term as the company is not having any planned capex and also expected adequate cash accruals during FY25 to FY27. The free cash and cash equivalents balance stood at Rs.44.98 crore as on March 31, 2024, while average working capital utilisation for the 12 months ended October2024 remained moderate at ~36%. Current ratio stood at 1.56x as on March 31, 2024.

**About the Company**

MMEPL was incorporated in the year 2006. The company is closely held by the promoters through a holding company, Mohan Mutha Sons Investments Private Limited (MMSIPL). MMEPL is an exporter of construction and infrastructure raw materials and fittings, food and



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commodities, apparels and textiles, etc, primarily to Maldives and also engaged in EPC business.

### Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	760.26	1058.28
EBITDA	63.34	95.94
PAT	30.63	64.21
Total Debt	196.99	136.94
Tangible Net Worth	193.38	259.80
EBITDA Margin (%)	8.33	9.07
PAT Margin (%)	4.01	5.97
Overall Gearing Ratio (x)	1.02	0.53
Interest Coverage (x)	2.80	3.90

\* Classification as per Infomerics' standards.

### Status of non-cooperation with previous CRA:

ICRA Ratings has moved the ratings of MMEPL into the Issuer Non-Cooperating category because of lack of adequate information as per the press release dated September 9, 2024.

### Any other information: Nil

### Rating History for last three years:

Sr. No.	Name of Security / Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in in 2021-22
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1.	Term Loans	Long Term	33.00	IVR BBB-/ Stable	--	--	--
2.	Packing Credit	Short Term	65.00	IVR A3	--	--	--
3.	FDDBP/ FDUBD/ RDBF/ RUBF	Short Term	10.00	IVR A3	--	--	--
4.	Advance against collection bills	Short Term	80.00	IVR A3	--	--	--
5.	WCDL	Short Term	5.00	IVR A3	--	--	--
6.	Letter of Credit	Short Term	35.00	IVR A3	--	--	--





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					--	--	--
7.	Letter of Guarantee	Short Term	50.00	IVR A3	--	--	--
8.	Proposed	Long Term / Short Term	22.00	IVR BBB-/ Stable / IVR A3	--	--	--

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not



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recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loans	-	-	-	Upto September 2026	33.00	IVR BBB-/ Stable
Packing Credit	-	-	-	-	65.00	IVR A3
FDDBP/ FDUBD/ RDBF/ RUBF	-	-	-	-	10.00	IVR A3
Advance against collection bills	-	-	-	-	80.00	IVR A3
WCDL	-	-	-	-	5.00	IVR A3
Letter of Credit	-	-	-	-	35.00	IVR A3
Letter of Guarantee	-	-	-	-	50.00	IVR A3
Proposed	-	-	-	-	22.00	IVR BBB-/ Stable / IVR A3

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-mohanmutha-feb25.pdf>

### Annexure 3: Detailed explanation of covenants of the rated facilities: Not Applicable

### Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).