

## Madhya Bharat Telecom Infrastructures

March 13, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	7.67	CARE D; ISSUER NOT COOPERATING*	Downgraded from CARE B+; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	10.40	CARE D / CARE D; ISSUER NOT COOPERATING*	Downgraded from CARE B+; Stable / CARE A4 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 Ltd. has been seeking information from Madhya Bharat Telecom Infrastructure (MBTI) to monitor the rating vide e-mail communications dated March 12, 2025, March 11, 2025, March 10, 2025, February 24, 2025, January 07, 2025 and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the rating. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on bank facilities will now be denoted as CARE D/ CARE D; ISSUER NOT COOPERATING \*

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

The revision in the rating assigned to the facilities of MBTI, takes into account instances of delays in servicing debt obligations due to poor liquidity position as confirmed from bank statements received and confirmation from lender.

**Analytical approach:** Standalone

**Outlook:** Not applicable

### Detailed description of key rating drivers:

#### Key weaknesses

##### Delays in debt servicing

As per the cash credit account statements received, the account remained overdrawn for period ranging from 1 to 48 days. Also, there were delays in repayment of interest and principle repayment of term loan as per interaction with lender.

##### Declined operational performance in FY24

The scale of operations as marked by total operating income (TOI) declined substantially and continue to remain modest at Rs.9.71 crore in FY24 as against Rs.24.39 crore in FY23. The profitability continued to remain moderate as marked by PBILDT margin at 20.37% during FY24 as against 6.99% during FY23. Further with higher interest and depreciation costs, PAT margin continued to remain thin at 1.78% during FY24 compared to 0.63% during FY23. In absolute terms profitability continued to remain low as marked by PBILDT and PAT of Rs.1.98 crore and Rs.0.17 crore respectively in FY24.

##### Leveraged capital structure and weak debt coverage indicators

Owing to a low tangible net worth base vis-à-vis high debt level, the capital structure of the firm continued to remain leveraged marked by an overall gearing ratio of 4.03x as on March 31, 2024 as against 2.74x as on March 31, 2023. Further, high interest costs and low profitability in absolute terms, debt coverage indicators of the firm continued to remain weak marked by an interest coverage of 1.16x during FY24 compared to 1.20x during FY23. Further, Total debt to Gross Cash Accruals continued to remain high at 34.11 years (P.Y.: 25.07 years) owing to high overall debt relative to low cash accruals (GCA) generated during FY24.

##### Constitution as a partnership firm

MBTI being a partnership entity, the risks associated with withdrawal of partners' capital exists. The entity is exposed to inherent risk of partners' capital being withdrawn at time of personal contingency as also it has limited ability to raise capital and poor succession planning may result in dissolution of entity.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

### Highly competitive intensity in the government civil construction segment

The construction industry is highly fragmented in nature with presence of large number of unorganized players and a few large, organized players coupled with the tender driven nature of construction contracts poses huge competition and puts pressure on the profitability margins of the players. MBTI is a regional player, and all the projects are executed in Madhya Pradesh. Hence, it's operations are geographically concentrated making it susceptible to economic and political changes. Further, as the firm participates in tenders invited by large lead contractor, high competition and lower bargaining power restricts its profitability margins.

### Key Strengths

#### Experienced management

Mr. Nishant Malaiya and Mr. Jaideep Wadia, partners, have experience of around two decades in the infrastructure industry and looks after overall affairs of the firm. Further, the partners of the firm are assisted by professionally qualified and experienced team in the field of civil engineering and construction. The firm has experienced technical team of 100 skilled employees for executing contracts on time.

### Liquidity: Poor

The liquidity position of the entity remained poor due to delays in debt servicing.

### Applicable criteria

[Definition of Default](#)

[Policy on Curing period](#)

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

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Bhopal (Madhya Pradesh) based Madhya Bharat Telecom Infrastructures (MBTI) was formed in 2006 as a partnership concern by Mr. Nishant Kumar Malaiya and Mr. Jaideep Wadia. Till FY14, the firm was engaged in the business of tower installation and laying of Optical Fibre Cables (OFC) for telecom infrastructure companies. From FY15, it is engaged in the construction & maintenance of roads, construction of sewage lines and sewage treatment plants, installation and commissioning of water supply lines and construction of Economically weaker section (EWS) houses and currently it is executing contracts of construction of EWS houses for Municipal Corporation in Madhya Pradesh. The firm is registered 'A' class approved contractor with Public Works Department (PWD), Madhya Pradesh.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	24.39	9.71
PBILDT	1.70	1.98
PAT	0.15	0.17
Overall gearing (times)	2.74	4.03
Interest coverage (times)	1.20	1.16

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

**Status of non-cooperation with previous CRA:** India Ratings has continued the rating assigned to the bank facilities of MBTI under Issuer Not Cooperating category vide press release dated December 13, 2024 on account of its inability to carry out a review in the absence of the requisite information from the company.

**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-Cash Credit		-	-	-	7.30	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Working capital Term Loan		-	-	March-2025	0.37	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	10.40	CARE D / CARE D; 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			
		Type	Amount Outstanding (₹ 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	7.30	CARE D; ISSUER NOT COOPERATING *	1)CARE B+; Stable (02-Apr-24)	1)CARE B+; Stable (09-May-23) 2)CARE B+; Stable; ISSUER NOT COOPERATING * (06-Apr-23)	-	1)CARE B+; Stable (31-Mar-22)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	10.40	CARE D / CARE D; ISSUER NOT COOPERATING *	1)CARE B+; Stable / CARE A4 (02-Apr-24)	1)CARE B+; Stable / CARE A4 (09-May-23) 2)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING * (06-Apr-23)	-	1)CARE B+; Stable / CARE A4 (31-Mar-22)
3	Fund-based - LT-Working capital Term Loan	LT	0.37	CARE D; ISSUER NOT COOPERATING *	1)CARE B+; Stable (02-Apr-24)	1)CARE B+; Stable (09-May-23) 2)CARE B+; Stable; ISSUER NOT COOPERATING * (06-Apr-23)	-	1)CARE B+; Stable (31-Mar-22)

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

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-Cash Credit	Simple
2	Fund-based - LT-Working capital Term Loan	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple

**Annexure-5: Lender details**

To view the 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](mailto:care@careedge.in) for clarifications.

## Contact us

<b>Media Contact</b>  Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>	<b>Analytical Contacts</b>  Kalpesh Ramanbhai Patel Director <b>CARE Ratings Limited</b> Phone: 079-40265611 E-mail: <a href="mailto:kalpesh.patel@careedge.in">kalpesh.patel@careedge.in</a>
<b>Relationship Contact</b>  Saikat Roy Senior Director <b>CARE Ratings Limited</b> Phone: 912267543404 E-mail: <a href="mailto:saiikat.roy@careedge.in">saiikat.roy@careedge.in</a>	Sajni Shah Assistant Director <b>CARE Ratings Limited</b> Phone: 079-40265636 E-mail: <a href="mailto:Sajni.Shah@careedge.in">Sajni.Shah@careedge.in</a>
	Jalpa Rughani Lead Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:jalpa.rughani@careedge.in">jalpa.rughani@careedge.in</a>

### About us:

Established in 1993, CARE 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 RBI. With an equitable position in the Indian capital market, CARE 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, CARE 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. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

The ratings issued by CARE 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. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE 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. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE 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.

**For detailed Rationale Report and subscription information,  
please visit [www.careedge.in](http://www.careedge.in)**