

## MRT Signals Limited

July 17, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	16.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BB+; Stable
Long Term / Short Term Bank Facilities	161.00	CARE BB; Stable / CARE A4+; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and LT rating downgraded from CARE BB+; Stable and ST rating reaffirmed

Details of instruments/facilities in Annexure-1.

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

### Rationale and key rating drivers

CARE Ratings Limited (CARE) had, vide its press release dated April 24, 2024, continued the ratings of MRT Signals Limited (MRT) under the 'issuer non-cooperating' category as MRT had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. MRT continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and letter/email dated March 10, 2025, March 20, 2025 and March 30, 2025. In line with the extant SEBI guidelines, CARE has reviewed the ratings on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

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

The rating of MRT takes into consideration the long track record of operations and experience of the promoters which enables them to maintain a strong relationship with its suppliers and main customer- The Indian Railways, albeit customer and supplier concentration risk, satisfactory financial performance and comfortable capital structure. The ratings, however, continue to be constrained by working capital intensive nature of business and tender-based nature of operations in railway signalling industry.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

#### Key weaknesses

**Working capital intensive nature of business:** The operations of the company are working capital intensive due to tender based and medium-term nature of contracts with milestone-based payments. MRT needs to furnish earnest money deposits (EMD) during the bidding process and a part of the sales proceeds are also withheld in the form of retention money. The collection period is high on account of money held as retention, however, collection period which had spiked to 122 days in FY21, due to overall lower and uneven turnover during FY21, had improved to 84 days in FY22 and remained steady at 79 days and 75 days in FY23 and FY24 respectively. Also, the working capital cycle has improved from 137 days in FY21 to 101 days in FY22 and remained steady at 99 days in FY23. This has improved to 85 days in FY24 on account of higher creditors period. Even with an overall longer repayment cycle, counterparty risk is very low and payments are being received in a timely manner.

**Tender-based nature of operations in railway signalling industry:** MRT receives most of its work orders from Indian Railways. All these are tender-based and the revenues are dependent on the MRT's ability to bid successfully for these tenders. There are several organized players operating in the segment due to which there is competition. However, the promoters' long industry experience in executing railway signalling contracts for Indian Railways mitigates the risk to some extent.

#### Key strengths

**Long track record of operations and experience of the promoters:** The promoter of MRT, Mr. Mahendra Kumar Anchalia, has more than three decades of experience in the field of signalling and telecommunications work for Indian Railways. He is assisted by Mr. Ankit Anchalia and a team of experienced personnel. Long experience of the promoters in this industry and satisfactory track record has led to the established position of the company as a contractor for Indian Railways. The promoters

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

have been engaged in this business through sole proprietorship firm, M/s MR Trading Company since 1986, which was subsequently converted into partnership firm in 2004 and then into limited company in 2006.

**Strong relationship with its main customer and suppliers, albeit customer and supplier concentration:** MRT installs signalling and telecommunication equipment for the Indian Railways on a turnkey basis. While bidding for projects, it ties up with a technology partner for supply of equipment. The company also has tie-ups with its key suppliers for solid state interlocking signal systems and for digital axle counters. Though the company has no formal agreement, the tie-ups are a result of longstanding associations. However, there is customer concentration with majority of contracts from Indian Railways and supplier concentration with top two suppliers constituting around 35% of the purchases.

**Satisfactory financial performance:** The company's total operating income improved from Rs. 402.61 crore in FY23 to Rs.455.46 crore in FY24 due to improved order execution. The operating margins had moderated from 15.62% in FY23 to 12.88% in FY24. PAT margin moderated from 11.72% in FY23 to 10.24% in FY24.

**Comfortable capital structure:** The capital structure of the company continued to remain comfortable with overall gearing improving from 0.10x as on Mar. 31, 2023, to 0.04x as on Mar 31, 2024. Furthermore, even with increase in scale the company's reliance on external debt has been low, due to efficient management of working capital cycle.

### Applicable criteria

[Definition of Default](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[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

Incorporated in 1986 as a sole proprietorship firm, MRT is engaged in carrying out signalling and telecommunications work for Indian Railways on a turnkey basis.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	402.61	455.46
PBILDT	62.89	58.65
PAT	47.19	46.66
Overall gearing (times)	0.10	0.05
Interest coverage (times)	11.01	11.14

A: Audited; 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-Cash Credit		-	-	-	16.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	161.00	CARE BB; Stable / CARE A4+; 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 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	Fund-based - LT-Cash Credit	LT	16.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (24-Apr-24)	1)CARE BBB+; Stable; ISSUER NOT COOPERATING* (31-Oct-23)	1)CARE A-; Stable (04-Aug-22)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	161.00	CARE BB; Stable / CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (24-Apr-24)	1)CARE BBB+; Stable / CARE A3+; ISSUER NOT COOPERATING* (31-Oct-23)	1)CARE A-; Stable / CARE A2+ (04-Aug-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	Non-fund-based - LT/ ST-Bank Guarantee	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Annexure-6: List of entities consolidated:** Not Applicable

**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

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