Patil Rail Infrastructure Private Limited

April 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	199.39 (Reduced from 259.33)	CARE A; Stable	Reaffirmed
Long-term / Short-term bank facilities	200.00	CARE A; Stable / CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of Patil Rail Infrastructure Private Limited (PRIPL) factors experienced promoters with an established operational track record, moderate order book position of ~₹2,400 crore providing short-term revenue visibility, and growing scale of operations in FY24 (Audited; FY refers to April 01 to March 31). Ratings also factor comfortable financial risk profile, healthy cash flows marked by gross cash accruals (GCA) of over ₹145 crore for 9M-FY25, and favourable industry prospects with increased spending by the government on railway infrastructure and adequate liquidity.

However, ratings strengths are partially offset by moderation in profitability, elongated operating cycle, tender-based operations, increasing competition in the industry, and client concentration risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Scale of operations improving significantly, with healthy net accruals generated on a sustained basis.
- Total debt to profit before interest, lease rentals, depreciation and taxation (TD/PBILDT) improving to less than 1x.

Negative factors

- Interest coverage ratio (ICR) falling below 5x on a sustained basis.
- Elongation in operating cycle resulting in higher reliance on bank borrowings, impacting liquidity.
- Adverse changes in policies and guidelines of the Indian Railways impacting business prospects of the group.

Analytical approach: Consolidated

In its analysis, CARE Ratings Limited (CARE Ratings) has considered the consolidated business and financial risk profiles of PRIPL and its subsidiaries, together referred to as the Patil group, as the entities are linked through a parent-subsidiary relationship and collectively have management, business, and financial linkages. The list of entities consolidated with PRIPL per its audited results for FY24 has been placed in Annexure-6.

Outlook: Stable

CARE Ratings expects PRIPL to continue benefitting from its established market position in the railway sleeper segment, resulting in steady inflow of orders. It also expects the company to maintain healthy profitability and a comfortable credit risk profile.

Detailed description of key rating drivers:

Key strengths

Growing scale of operations

Revenue from operations grew by over 26% in FY24 to ₹1,418.44 crore (PY: ₹1,121.22 crore), driven by an increase in average realisations in the sleeper segment and a higher contribution from compound wall works for the railways. However, sales volume of sleepers declined due to loss of orders considering procedural changes in the railway board, which resulted in a business loss for around one quarter. In FY25, there is an improvement in the sales volume of sleepers and the group has reported a revenue of ₹1,485.02 crore.

Moderate order book position

The Patil group has a confirmed order book of ₹2,398.89 crore as on March 28, 2025 (against ₹2,402.98 crore as on January 1, 2024), translating to an order book-to-total operating income (TOI) ratio of 1.69x, providing short-term revenue visibility. The order book is diversified across various Indian Railways zones and private players such as Indian Railway Construction Limited (IRCON), and KEC International Limited, among others. Indian Railways accounts for ~83% of the order book.

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Comfortable financial risk profile
The financial risk profile of the group remains comfortable, with an overall gearing of 0.46x as on March 31, 2024 (PYE: 0.63x), supported by an improved net worth base and scheduled repayment of term loans. Other coverage indicators also remain comfortable for FY24, with total debt/PBILDT at 1.17x (PY: 1.28x) and an interest coverage ratio of 6.74x (PY: 5.44x).

Experienced promoters with an established operational track record
The Patil group is promoted by LS Patil and Padmaja Patil, both having over three decades of vast experience in the current line of business. The group has a significant market share in the railway sleeper segment. With extensive presence in the business, the Patil group has established a strong brand in the market, helping it bag higher orders year-on-year.

Favourable industry prospects
India has the fourth-largest railway system globally, following the US, Russia, and China. The sector has witnessed rapid developments, increased investments, and strong government support in recent years. The favourable industry outlook, backed by higher government spending on railway infrastructure, is expected to drive growth. With an average requirement of ~1,700 sleepers per kilometre of track, ongoing and upcoming railway projects are set to generate significant demand for concrete sleepers, presenting a substantial growth opportunity for manufacturers in this segment.

Key weaknesses

Moderation in profitability
The group's operating profitability declined marked by PBILDT margin of over 15% for FY24 and 9M-FY25 (PY: 18.57%), primarily due to the higher revenue share from compound wall works, which have lower margins, and decline in sales volume of sleeper segment. Operating profitability is expected to be maintained at the current level going forward.

Elongated working capital cycle
Working capital cycle appears to be higher at 141 days for FY24, primarily due to higher inventory period of 135 days for FY24. Earlier, the company used to recognise revenue on receipt of Inspection Certificate (IC) from railways. However, in compliance with Ind AS 115 company recognises revenue on despatch of goods. On completion of IC, the company receives 90% of the amount against the order which is shown as current liability under advances from customer. Until goods are despatched, these are shown as finished goods inventory. However, on adjusting the advances, the inventory period stood moderate at 65 days for FY24.

Client concentration risk
The company derives over 80% of its revenue from Indian Railways, making it susceptible to adverse policy changes that could impact business operations. However, its presence across multiple railway zones helps mitigate the risk of order losses in single zone by leveraging business opportunities in other regions. This geographical diversification, and its ability to meet tender selection criteria, provides a competitive edge over players with a concentrated regional presence.

Tender-based operations and increased competition
The company's revenue depends on tenders floated by the Railways, exposing it to risks such as order variability, competitive bidding pressure due to increasing competition, and potential delays in tender issuance. This can lead to fluctuations in order inflow and impact capacity utilisation. The increasing competition exerts pressure on pricing, affecting profitability. Selection criteria are based on production capacity, track record, and proximity of manufacturing units to the required locations.

Liquidity: Adequate

The group maintains an adequate liquidity position, supported by GCA of ₹147.86 crore for FY24 and ₹145.27 crore for 9M-FY25 against debt repayment obligations of ₹51.91 crore for FY25. Liquidity is further supported by free cash and bank balance standing of ₹58.73 crore and current ratio of 1.49x as on March 31, 2024. Company's reliance on bank borrowings for working capital purpose is low marked by average working capital limit utilisation of 11% for the 10 months ended December 31, 2024.

Assumptions/Covenants - Not applicable

Environment, social, and governance (ESG) risks - Not applicable

Applicable criteria

Consolidation
Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial manufacturing	Industrial products

Incorporated in 1996 and promoted by LS Patil and Padmaja Patil, PRIPL is the flagship company of the Patil group. The group commenced operations in 1933 in Gulbarga, Karnataka. The Patil Group of Industries is among the leading companies in railway track engineering. The group primarily manufactures sleepers and HTS wires and trades spheroidal graphite cast iron inserts (SGCI), composite sleepers, and fastening systems, among others. The Indian Railways has been the key customer for the group, considering its established relationship of over five decades. The group has an annual effective production capacity of 6.5 million sleeper units and 47,400 metric tonnes (MT) for HTS wires.

PRIPL-Consolidated

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9M-FY25 (UA)
Total operating income	1,121.22	1,418.44	1,485.02
PBILDT	208.24	213.70	222.73
PAT	117.36	123.45	123.51
Overall gearing (times)	0.63	0.46	NA
Interest coverage (times)	5.44	6.74	6.14

A: Audited, UA: Unaudited, NA: Not available. Note: these are latest available financial results

PRIPL-Standalone

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	708.95	839.18	1,181.19
PBILDT	103.37	142.48	167.17
PAT	39.10	77.50	94.59
Overall gearing (times)	0.97	0.70	0.51
Interest coverage (times)	2.62	3.79	4.86

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		-	-	-	20.00	CARE A; Stable
Fund-based - LT-Cash Credit		-	-	-	115.00	CARE A; Stable
Non-fund-based - LT/ ST-BG/LC		-	-	-	200.00	CARE A; Stable / CARE A2+
Term Loan-Long Term		-	-	June 2026	64.39	CARE A; Stable

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	20.00	CARE A; Stable	-	1)CARE A; Stable (16-Feb-24)	1)CARE A-; Stable (17-Feb-23)	1)CARE A-; Stable (18-Feb-22) 2)CARE BBB+; Stable (07-Apr-21)
2	Fund-based - LT-Cash Credit	LT	115.00	CARE A; Stable	-	1)CARE A; Stable (16-Feb-24)	1)CARE A-; Stable (17-Feb-23)	1)CARE A-; Stable (18-Feb-22) 2)CARE BBB+; Stable (07-Apr-21)
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	200.00	CARE A; Stable / CARE A2+	-	1)CARE A; Stable / CARE A2+ (16-Feb-24)	1)CARE A-; Stable / CARE A2 (17-Feb-23)	1)CARE A-; Stable / CARE A2 (18-Feb-22) 2)CARE BBB+;

								Stable / CARE A2 (07-Apr-21)
4	Term Loan-Long Term	LT	64.39	CARE A; Stable	-	1)CARE A; Stable (16-Feb-24)	1)CARE A-; Stable (17-Feb-23)	1)CARE A-; Stable (18-Feb-22) 2)CARE BBB+; Stable (07-Apr-21)
5	Debentures-Non-convertible debentures	LT	-	-	-	1)Withdrawn (16-Feb-24)	1)CARE A-; Stable (17-Feb-23)	1)CARE A-; Stable (18-Feb-22) 2)CARE BBB+; Stable (07-Apr-21)

LT: Long 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-BG/LC	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Daya Engineering Works Private Limited	Full	Subsidiaries - Management, business, and financial linkages
2	Icon Sleeper Track Private Limited	Full	
3	Daya Technical Services Private Limited	Full	
4	Kallakal Foundry Casting Products Private Limited	Full	
5	Patil SMH JV Private Limited	Full	
6	Patil Digital System Pvt Ltd	Full	
7	Patil Rail Fastening Systems Private Ltd	Full	
8	Apna Technologies and Solutions P Ltd	Full	
9	Apna Patil Rail Diagnostics Private Limited	Full	

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 for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Karthik Raj K Director **CARE Ratings Limited** Phone: +91 80-46625555 E-mail: karthik.raj@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Y Tejeshwar Reddy Assistant Director **CARE Ratings Limited** Phone: 914040102030 E-mail: Tejeshwar.Reddy@careedge.in Sainandan S Pavansri Analyst **CARE Ratings Limited** E-mail: sainandan.pavansri@careedge.in

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.

For detailed Rationale Report and subscription information, please visit www.careedge.in