

August 05, 2025

Tracks & Towers Infratech Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term: Fund-based - Cash credit	266.00	306.00	[ICRA]A (Stable); reaffirmed
Long-term/Short-term: Non-fund based - Bank guarantee	519.16	479.16	[ICRA]A (Stable)/ [ICRA]A1; reaffirmed
Short-term: Interchangeable Cash credit#	(20.00)	(20.00)	[ICRA]A1; reaffirmed
Long-term: Proposed fund-based limits	4.84	4.84	[ICRA]A (Stable); reaffirmed
Long-term/Short-term: Proposed non-fund-based limits	10.00	10.00	[ICRA]A (Stable)/ [ICRA]A1; reaffirmed
Total	800.00	800.00	

*Instrument details are provided in Annexure I; #Sublimit; Interchangeable with BG limits

Rationale

The ratings reaffirmation for Tracks & Towers Infratech Private Limited (TTIPL) factors in its healthy order book (OB) position of Rs. 4,730.4 crore as on June 30, 2025, providing medium-term revenue visibility. Adjusted for the hybrid annuity mode (HAM) engineering, procurement and construction (EPC) work of Rs. 1,206.0 crore, where the company is yet to receive the appointed date, the order book position remains healthy at Rs. 3,524.4 crore as on June 30, 2025. The ratings note the comfortable financial risk profile as reflected by low leverage with total outside liabilities to tangible net worth (TOL/TNW) of 0.4 times as on March 31, 2025(Prov) and interest cover of 10.8 times in FY2025 and it is expected to be healthy in the near term. The ratings draw comfort from the reputed client profile and the low working capital intensity with timely realisation of bills. The ratings also consider the strong operational track record in executing railway works.

TTIPL has won a HAM project in a joint venture (JV) with Rail Vikas Nigam Limited (RVNL) with a bid project cost of Rs. 1,272.0 crore in June 2023, which entails an equity commitment of Rs. 121.0 crore for its share. ICRA has considered the expected receipt of another HAM project in its assessment resulting in a sizeable equity commitment during FY2026-FY2028. Given the different risk rewards equation in the HAM projects (compared to EPC project), long-term capital commitment and its limited track record in executing BOT as well as road projects, the company's ability to execute the projects, in a timely manner, within the envisaged costs would remain a key rating monitorable. Going forward, any significant increase in development projects resulting in higher-than-expected equity commitment, which adversely affects its liquidity position, will remain a key monitorable.

The ratings are, however, constrained by the concentrated order book in terms of clients, projects and segments as on June 30, 2025 and TTIPL's limited experience in road project execution. However, its track record of completing the railway projects in a timely manner mitigates the risk to an extent. ICRA notes that its payouts to shareholders and moderate capex plans may limit the free cash flows and liquidity position to an extent. Nonetheless, the liquidity position is expected to remain adequate on the back of its low working capital intensity.

The Stable outlook on the long-term rating reflects ICRA's opinion that TTIPL will maintain comfortable financial profile, supported by healthy order execution and timely receipt of payments from its customers, given its reputed profile.

Key rating drivers and their description

Credit strengths

Healthy order book position – TTIPL has an order book of Rs. 4,730.4 crore as on June 30, 2025 and provides medium-term revenue visibility. The company was able to add new orders worth Rs. 1,282.9 crore and Rs. 1,513.8 crore in FY2025 and Q1 FY2026, respectively, supporting the order book position. Although the order book position stood healthy, it is yet to receive the appointed date in the HAM project work (EPC value of Rs. 1,206.0 crore). Adjusted for the same, the order book position reduces to Rs. 3,524.4 crore as on June 30, 2025 but remains higher than Rs. 1,263.6 crore as on June 30, 2024. Given the improved order book position, the revenues are expected to improve in the near term, supported by improved order execution and the extent of improvement remains a key rating monitorable.

Comfortable financial profile – TTIPL's financial risk profile is comfortable with leverage (TOL/TNW) of 0.4 times as on March 31, 2025 and interest coverage of 10.8 times in FY2025. Although the company's debt levels are expected to increase in the medium term owing to debt-funded capex and higher working capital borrowings, the leverage and coverage metrics are likely to remain at healthy levels in the medium term.

Reputed clientele mitigates counterparty credit risk – TTIPL operates primarily in the railway, building and road segments and has orders from reputed clients like RVNL, Indian Railway Construction International Limited (IRCON), Rail India Technical and Economic Service (RITES), National Highways Authority of India (NHAI) . Given this, the counterparty credit risk remains low and the company's working capital intensity stood at 19% in FY2025 owing to timely payments from its key customers.

Credit challenges

Sizeable equity commitment and execution risks related to HAM project – TTIPL has one HAM project in JV with RVNL and had a total equity commitment of Rs. 121.0 crore. ICRA has considered the receipt of additional HAM project in its assessment resulting in a sizeable equity commitment during FY2026-FY2028. Given the different risk rewards in HAM projects (as compared to EPC project), long-term capital commitment and its limited track record in executing BOT as well as road projects, the company's ability to execute the projects, in a timely manner, within the envisaged costs would remain a key rating monitorable.

Concentrated order book – TTIPL's order book is concentrated in terms of clients, project and segments. The top 3 customers accounted for 54% of the order book as on June 30, 2025. Although the company has orders from railway, road and building segments, majority of the revenue was generated from the railway segment in FY2025 and top two sectors accounted for 94% of the order book as on June 30, 2025. Besides, the top five projects constituted 69% of the order book as on June 30, 2025. Also, majority of the order book (85%) is in the nascent stage of execution (<25%) as on June 30, 2025 as these projects were largely received in the past 12 months except the HAM project. Timely receipt of approvals and improvement in order execution will be the key monitorable.

Risks associated with construction sector including sizeable non-fund based exposure – TTIPL is exposed to the cyclicity inherent in the construction industry and intense competition in the tender-based contract award system, resulting in the risk of volatility in order inflows, revenues, and pressure on profit margins. However, its long presence and established relationships with clients provide comfort. It is also exposed to sizeable contingent liabilities in the form of BGs (~Rs. 409.2 crore as on June 30, 2025), mainly towards performance guarantee, mobilisation advances and security deposits. Nonetheless, ICRA draws comfort from TTIPL's healthy execution track record and no invocation of guarantees in the past.

Liquidity position: Adequate

TTIPL's liquidity is expected to be adequate with free cash and bank balances of Rs. 48.37 crore and cushion available in the form of unutilised working capital facilities. The average utilisation of its fund-based limits was at less than 5% for the last fifteen months ending June 2025. The company has repayment obligations of Rs. 12 crore, equity commitment of Rs. 60.0

crore and moderate capex plans of ~Rs. 60.0 crore in FY2026, which can be comfortably met by estimated cash flow from operations, along with cushion available in working capital limits. Also, it has given inter-corporate deposits (ICDs) of Rs. 36.8 crore as on June 30, 2025 and are likely to be recovered to infuse the equity commitment once the appointed date for the HAM project is announced.

Rating sensitivities

Positive factors – ICRA may upgrade TTIPL’s ratings if there is a significant ramp-up in scale with project diversification and improving its profitability while maintaining debt coverage metrics and liquidity position.

Negative factors – Pressure on the ratings could arise in case of a slowdown in execution and/or deterioration in working capital intensity impacting its earnings. Further, higher-than-expected increase in investments in HAM projects/Group companies affecting the financial profile could exert pressure on the ratings. The ratings may also be revised downwards if TOL/TNW increases to over 1.2 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the rating, ICRA has done limited consolidation of HAM special purpose vehicles (SPV) factoring in the equity commitments and support towards meeting any cash flow mismatches

About the company

Tracks & Towers Infratech Private Limited (TTIPL) was incorporated in August 2007. It was converted from a partnership firm named Lakshmi Agencies, which was established in 1983. TTIPL is a special class civil contractor, which primarily undertakes projects in the railway segment and its scope of work includes laying of railway tracks, construction of roadbed, major and minor bridges, signalling and telecommunications. The company has also diversified into construction of buildings and road segment in the recent past.

Key financial indicators

	FY2024	FY2025*
Operating income	931.8	699.2
PAT	86.0	43.7
OPBDIT/OI	8.7%	7.9%
PAT/OI	9.2%	6.3%
Total outside liabilities/Tangible net worth (times)	0.3	0.4
Total debt/OPBDIT (times)	0.1	0.4
Interest coverage (times)	21.8	10.8

Amounts in Rs. crore; Source: Company, ICRA Research; All ratios as per ICRA’s calculations; PAT: Profit after Tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; *provisional financials

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Aug 05, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Working capital facilities –Cash credit	Long term	306.00	[ICRA]A (Stable)	Aug 06, 2024	[ICRA]A (Stable)	Aug 04, 2023	[ICRA]A (Stable)	Aug 10, 2022	[ICRA]A (Stable)
Non-fund based –Bank guarantee	Short term	-		-	-	-	-	Aug 10, 2022	[ICRA]A1
Non-fund based –Bank guarantee	Long term/ Short term	479.16	[ICRA]A (Stable)/ [ICRA]A1	Aug 06, 2024	[ICRA]A (Stable)/ [ICRA]A1	Aug 04, 2023	[ICRA]A (Stable)/ [ICRA]A1	-	-
Interchangeable –Cash credit#	Short term	(20.00)	[ICRA]A1	Aug 06, 2024	[ICRA]A1	Aug 04, 2023	[ICRA]A1	Aug 10, 2022	[ICRA]A1
Unallocated	Long term	-		-	-	-	-	Aug 10, 2022	[ICRA]A (Stable)
Proposed fund-based limits	Long term	4.84	[ICRA]A (Stable)	Aug 06, 2024	[ICRA]A (Stable)	Aug 04, 2023	[ICRA]A (Stable)	-	-
Proposed non-fund based limits	Long term/ Short term	10.00	[ICRA]A (Stable)/ [ICRA]A1	Aug 06, 2024	[ICRA]A (Stable)/ [ICRA]A1	Aug 04, 2023	[ICRA]A (Stable)/ [ICRA]A1	-	-

#Interchangeable with BG limits

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund-based -Working capital facilities - Cash credit	Simple
Long-term and short-term-Non-fund based -Bank guarantee	Very Simple
Short-term -Interchangeable cash credit#	Simple
Long-term -Proposed fund-based limits	Simple
Long term -short term-Proposed non-fund based limits	Very Simple

#Interchangeable with BG limits

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund-based –Working capital facilities –Cash credit	NA	NA	NA	306.00	[ICRA]A (Stable)
NA	Non-fund based -Bank guarantee	NA	NA	NA	479.16	[ICRA]A (Stable)/ [ICRA]A1
NA	Cash credit#	NA	NA	NA	(20.00)	[ICRA]A1
NA	Proposed fund-based limits	NA	NA	NA	4.84	[ICRA]A (Stable)
NA	Proposed non-fund based limits	NA	NA	NA	10.00	[ICRA]A (Stable)/ [ICRA]A1

Source: Company; #Interchangeable with BG limits

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Chatra Expressways Private Limited	51.00%	Limited consolidation

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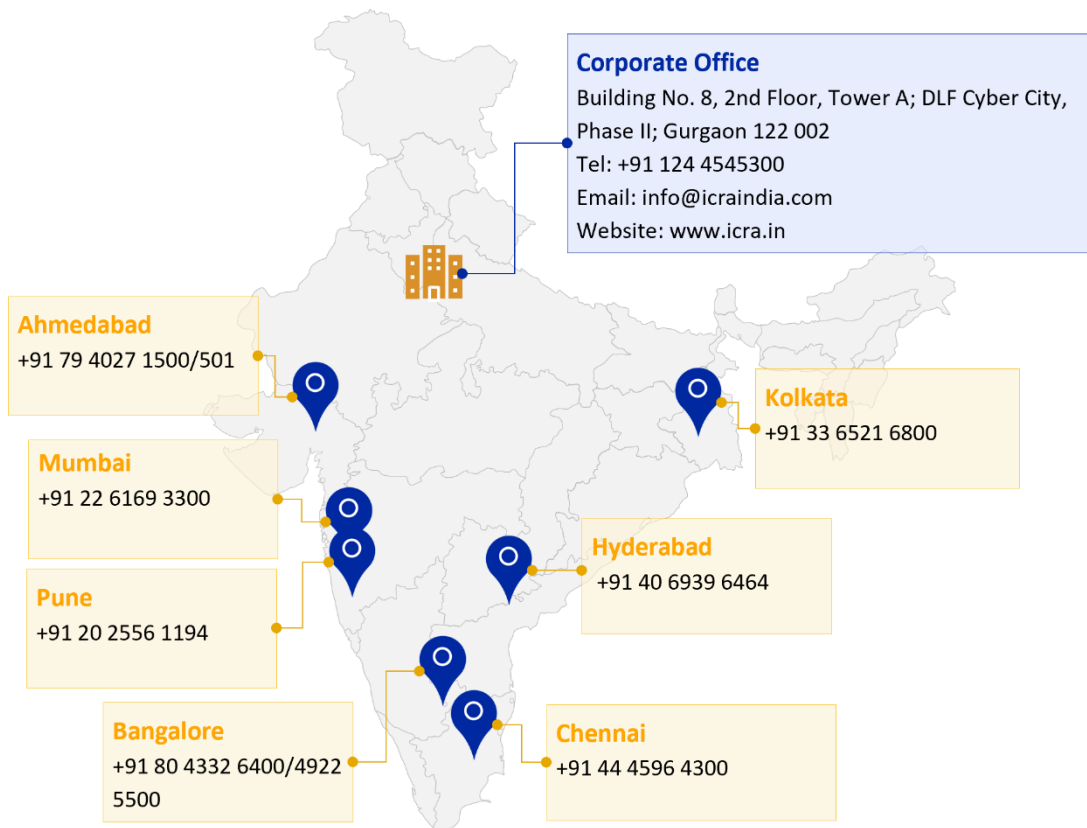
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