

December 03, 2025

Sigma Rail Systems Private Limited: Ratings assigned

Summary of rating action

Instrument [^]	Current Rated Amount (Rs. crore)	Rating Action
Long-term – fund-based cash credit	50.0	[ICRA]BBB- (Stable); assigned
Short-term – interchangeable limits –working capital demand loan	(50.0)	[ICRA]A3; assigned
Short-term – interchangeable limits – letter of credit	(10.0)	[ICRA]A3; assigned
Total	50.0	

[^]Instrument details are provided in Annexure-I

Rationale

The rating assigned to the bank facilities of Sigma Rail Systems Private Limited (SRSPL) reflects its strong promoter background, with the family trust of Mr. Saroj Poddar, Chairman of the Adventz Group (which includes Texmaco Rail and Engineering Limited), as a 50% partner. This association imparts significant financial flexibility and resourcefulness to the company. There is an established track record of sponsors providing timely financial support, which ICRA expects will continue going forward as well. The rating also favourably factors in the healthy order book (OB) position and strategic licensed technology approvals for the company’s products, strengthening its market position in railway signaling components/systems.

SRSPL’s competitive advantage stems from its technology, which is approved by RDSO¹/Indian Railways (IR), for multi-section digital axle counters (MSDACs), propulsion systems, distributed power wireless control system, and more recently, the Kavach system (critical train collision avoidance system) for IR. Since securing RDSO approval for MSDACs in 2019, the company has scaled up its operations, achieving revenues of Rs. 107 crore in FY2025. Its long-standing technical collaboration with Altpro (Croatia) since 2015 underpins its manufacturing and installation capabilities, while recent partnerships signal diversification into advanced solutions. In collaboration with VVDN Technologies Private Limited, SRSPL has developed propulsion systems, distributed power wireless control, and Kavach-based anti-collision systems—all approved by the Railway Board and routed through its subsidiaries. Additionally, a recent memorandum of understanding (MoU) with Alstom Transport India Limited (rated [ICRA]A+(Stable)/[ICRA]A1+) also positions SRSPL favourably to expand its global footprint. Demand visibility remains healthy, supported by an OB of Rs. 350 crore (as of November 2025) and another Rs. 2,250-crore order pipeline. These factors, combined with alliances with reputed players and favourable industry dynamics, are expected to drive sustained growth and strengthen SRSPL’s competitive positioning over the medium term.

The rating, however, is constrained by SRSPL’s limited track record (about 5-6 years), modest (albeit growing) scale of operations (OI was Rs. 107 crore in FY2025) and low net worth (around Rs. 33 crore as on March 31, 2025). Also, high working capital intensity—driven by elevated receivables (partly attributable to extended credit period given to other group entities) and inventory holding requirements—led to a high net working capital (NWC) to OI of about 55% in FY2025, despite elongated payment period by suppliers. The same resulted in leveraged capital structure, with TOL/TNW of 2.3 times as on March 31, 2025 (expected to range at 2.5-3.0 times over the medium term). Given the large execution pipeline, timely and adequate enhancement in working capital limits commensurate with the company’s growing scale, will be crucial from the credit perspective. In this regard, ICRA draws comfort from the need-based funding support from the promoters—in the form of unsecured debt and preference equity in the recent past—and expectation of similar support in future, if required.

¹ Research Designs and Standards Organization

The Stable outlook on the long-term rating reflects ICRA's opinion that the company's scale of operations will benefit from the expected fresh order inflows for its RDSO-approved products, and that it will maintain its credit metrics commensurate with its rating level.

Key rating Considerations

Credit strengths

Experienced and resourceful promoters – The company is 50% owned by the family trust of Mr. Saroj Poddar (Promoter of Adventz Group), which lends comfort in terms of resourcefulness as well as financial flexibility to the company. SRSPL has received financial support in the form of unsecured loans (about Rs. 6 crore) and redeemable preference shares through its group entities. The remaining shares are owned by Mr. Prateek Bhalotia (50% shareholder and Managing Director), who has nearly 10 years of experience in the railway signalling and safety component supply domain. His experience and industry collaborations are expected to help SRSPL secure orders, negotiate favourable terms with vendors, and develop products. The presence of senior Texmaco Group executives on SRSPL's board further enhances its industry expertise.

Licensed technology and collaborations with reputed players – SRSPL leverages its RDSO-approved licensed technology for MSDAC and propulsion equipment for the Railways. It has also developed a train collision avoidance system (Kavach), approved for trials by the Railway Board. The railway sector presents notable challenges to new entrants because of complex technical demands, strict safety regulations, and lengthy validation periods. Serving the Indian Railways, one of the world's largest networks, ensures large-scale, recurring demand for these systems. Strategic collaborations with Altpro, VVDN Technologies, and an MoU with Alstom (for the European Train Control System) further strengthen SRSPL's access to technology and can open-up export opportunities for it.

Healthy order book and favourable industry demand prospects provide revenue visibility – At a consolidated basis, the company had an outstanding order book of Rs. 350 crore as of November 2025, translating to an order book-to-OI ratio of over 3.0 times (on FY2025 revenues), indicating healthy revenue visibility over the near-to-medium term. Additionally, the company has firm visibility on incremental inflows of about Rs. 2,250 crore in the coming months. Favourable industry demand, driven by the IR's accelerated investments in signaling modernisation and safety systems, further strengthens growth prospects.

Credit challenges

Limited operational track record; modest scale – SRSPL started supply operations in FY2020 and, therefore, has a limited track record; both its subsidiaries were established in FY2025 and FY2026 will be their first year of operations. The company's scale of operations, though on a ramp-up mode, remains moderate as reflected by its revenues of about Rs. 107 crore and Rs. 45 crore in FY2025 and H1 FY2026 (provisional), respectively. However, given the expected healthy order inflows, revenues are expected to ramp-up faster in H2 FY2026, driving the overall annual YoY growth of over 100%. Given the tender-driven nature of its operations, the volatility in its revenues is likely to persist.

High leverage due to working capital intensive nature of operations – The company's businesses are highly working capital-intensive as indicated by NWC/OI of 40-50% over the last three years. Though collections from the Indian Railways are timely, given the large order book and high lead time (for select materials), the company is required to maintain high inventory levels. Given its aggressive ramp-up requirement, associated increase in working capital funding requirements (expected to be met through bank borrowings and trade credit) and low net worth base (about Rs. 33 crore as on March 31, 2025) is likely to keep its leverage levels elevated, with TOL/TNW over 2.5 times in the medium term. Prudent working capital management, timely enhancement in bank limits and/or need-based funding support from the promoters will remain crucial during the ramp-up phase.

Risk associated with tender-based business and competition – SRSPL’s revenue model is inherently exposed to competitive pressures, as contracts are awarded through the IR’s L1 tendering system, limiting pricing flexibility. Although a few RDSO-approved OEMs provide partial insulation, the company’s dependence on a single end-user—the Indian Railways—heightens concentration risk and constrains diversification. This structural reliance on one segment amplifies vulnerability to policy changes, tender delays, and pricing volatility, making margin sustainability a key credit sensitivity.

Liquidity position: Adequate

The company’s liquidity is expected to remain adequate, in the absence of long-term debt, and its profits are sufficient to meet its interest obligations. The company’s reliance on working capital borrowings remained moderate with an average utilisation of 70% in the past 12-month period ended in September 2025. However, given the increasing scale of operations, timely and adequate enhancement in working capital limits or need-based funding support from promoters will remain a key monitorable for the overall sustenance of its satisfactory liquidity profile.

Rating sensitivities

Positive factors – ICRA could upgrade the company’s rating if there is a significant and consistent increase in its revenues and net worth, while maintaining healthy profit margins. Further, a sustained improvement in its working capital cycle resulting in sustained improvement in liquidity profile will also be crucial for a positive rating movement.

Negative factors – Deterioration in working capital intensity or sustained pressure on earnings, which could adversely impact the company’s liquidity position and/or debt protection metrics will result in a rating downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidated financials of the company, which include two of its subsidiaries, as mentioned under Annexure-II

About the company

Sigma Rail Systems Private Limited, established in 2016 and based in Kolkata, manufactures safety and signalling equipment for rolling stock, mainly multi-section digital axle counters (RDSO-approved since 2019) under the Altpro brand. The company has a technical tie-up with Altpro from Croatia for MSDACs and provides manufacturing, installation and consulting services in railway signalling. It is promoted by Mr. Prateek Bhalotia and the Saroj Kumar Poddar family trust (promoter of the Adventz Group). The company has two subsidiaries—Equus Rail Power Systems Private Limited and Bulwark Rail Systems Private Limited—in collaboration with VVDN Technologies Private Limited. These two are/will also be engaged in manufacturing railway components—mainly propulsion systems and distributed power wireless control system, and train collision avoidance system (Kavach)—from their recently established manufacturing facilities at Manesar, Haryana.

Key financial indicators (audited)

Consolidated	FY2024	FY2025*
Operating income (Rs. crore)	83.9	107.5
PAT (Rs. Crore)	11.1	3.8
OPBDITA/OI (%)	15.4%	5.7%
PAT/OI (%)	13.3%	3.5%
Total outside liabilities/Tangible net worth (times)	0.9	2.3
Total debt/OPBDITA (times)	0.6	8.5
Interest coverage (times)	12.5	4.4

Source: Company, ICRA Research; All ratios as per ICRA's calculations; * Provisional numbers; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

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)	Dec 03, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based Cash-credit (CC)	Long Term	50.0	[ICRA]BBB-(Stable)	-	-	-	-	-	-
Interchangeable limits - Working Capital Demand Loan	Short-Term	(50.0)*	[ICRA]A3	-	-	-	-	-	-
Interchangeable limits - Letter of Credit	Short-Term	(10.0)*	[ICRA]A3	-	-	-	-	-	-

*Sublimit of CC limit

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term- fund based - Cash Credit	Simple
Short-term – interchangeable limits -Working Capital Demand Loan	Simple
Short-term – interchangeable limits - Letter of Credit	Very Simple

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	Long-term- fund-based cash credit	June 3, 2025	-	-	50.0	[ICRA]BBB- (Stable)
NA	Short-term – interchangeable limits – working capital demand loan	June 3, 2025	-	-	(50.0)	[ICRA]A3
NA	Short-term – interchangeable limits – letter of credit	June 3, 2025	-	-	(10.0)	[ICRA]A3

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

Annexure II: List of entities considered for consolidated analysis

Company Name	% holding of SRSPL	Consolidation
Sigma Rail Systems Private Limited	- (rated entity)	-
Equus Rail Power Systems Private Limited	78%	Full Consolidation
Bulwark Rail Systems Private Limited	67%	Full Consolidation

Source: Company – As on March 31, 2025

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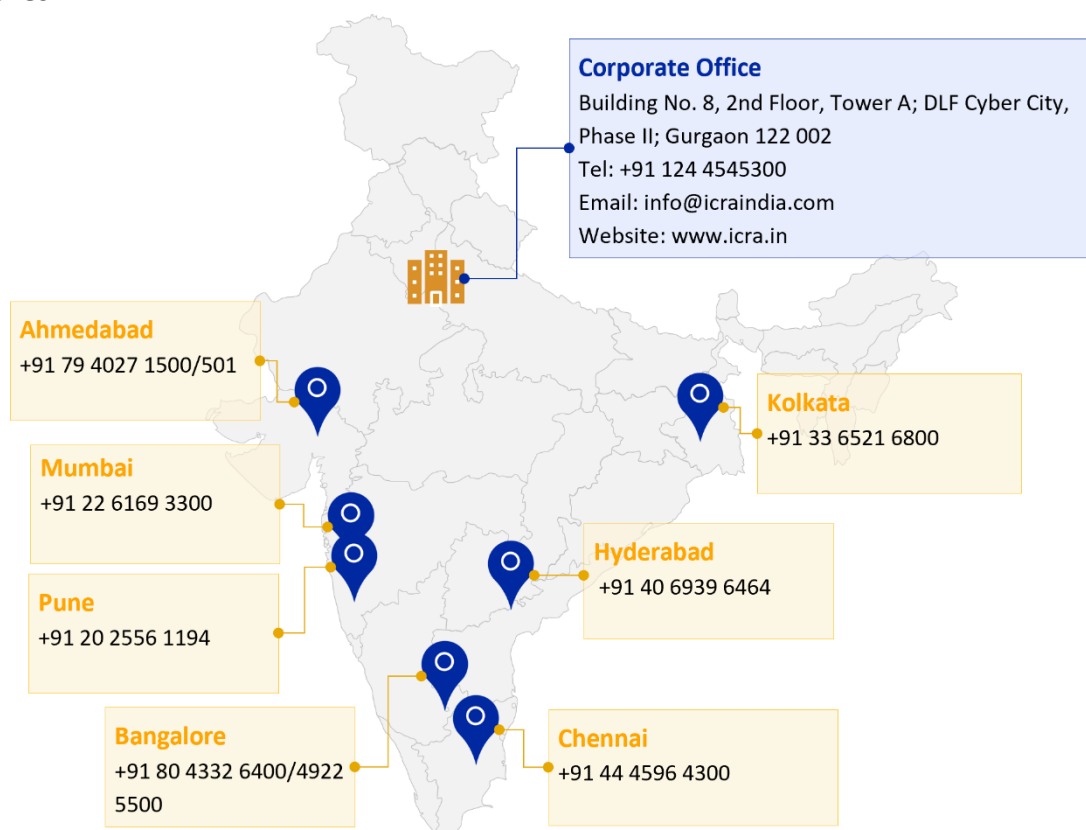
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