August 10, 2026

Patil Rail Infrastructure Private Limited: Ratings reaffirmed and assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long term – fund based – Cash credit facilities	135.00	200.00	[ICRA]A+ (Stable); reaffirmed and assigned for enhanced amount	RBI
Long term – fund based – Term Loan	59.45	59.45	[ICRA]A+ (Stable); reaffirmed	RBI
Long term/Short term – Non-fund based – Working Capital facilities	200.00	275.00	[ICRA]A+ (Stable)/[ICRA]A1; reaffirmed and assigned for enhanced amount	RBI
Long term/Short term – Unallocated	20.55	60.55	[ICRA]A+ (Stable)/[ICRA]A1; reaffirmed and assigned for enhanced amount	RBI
Total	**415.00**	**595.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of financial sector regulators other than SEBI.

Rationale

ICRA has taken a consolidated view of Patil Rail Infrastructure Private Limited (PRIPL) and its subsidiary – Daya Engineering Works Private Limited (DEWPL), given the close operational, financial and managerial linkages between the entities. ICRA has considered the consolidated financials of PRIPL, along with its subsidiaries (herein referred to as the Group or the Patil Group) mentioned in Annexure II.

The ratings reaffirmation continues to draw comfort from the Group's strong revenue growth trajectory, with the consolidated operating income increasing to Rs. 1,679 crore in FY2026, reflecting a 17% growth compared to FY2025 and CAGR of 16% over the last four years. The growth is driven by healthy execution in the core sleeper segment and increasing contribution from diversified product offerings, including Spheroidal Graphite Cast Iron (SGCI) inserts, fastening systems, high tensile steel (HTS) wires, compound walls and W-beam products. Further, the planned expansion into the precast segment is expected to provide an additional growth avenue and support further diversification of revenue in the near term. The operating margin, however, moderated to 9.0% in FY2026 from over 14% during FY2021-FY2025, primarily due to pricing de-escalation in railway contracts, higher research and development (R&D) expenditure and operating costs associated with new facilities. Nevertheless, margins are expected to improve gradually over the medium term, supported by stabilisation in profitability of the core sleeper segment and ramp-up in operations of new facilities. The ratings also take into account the Group's comfortable financial risk profile, characterised by a strong net worth base and sustained profitability, which are expected to support comfortable leverage metrics, with TOL/TNW remaining below 1.0 times and interest coverage remaining healthy at 5-6 times over the medium term despite the ongoing debt-funded capex programme. The ratings continue to favourably factor in the Group's established market position in the pre-stressed concrete (PSC) sleeper segment, supported by an operating track record of over three decades in supplying PSC sleepers to the Indian Railways, a large installed manufacturing capacity of approximately 6.5 million sleepers per annum and a geographically diversified manufacturing footprint spanning 16 facilities across 14 states.

The ratings are, however, constrained by the Group's moderate order book position of Rs. 1,972.5 crore as on May 26, 2026 (translating into 1.2 times of consolidated operating revenues of FY2026) and high customer concentration, with the Indian Railways accounting for a major part of the outstanding order book. Nevertheless, the risk is mitigated by the recurring nature of demand from track renewals, network modernisation and railway expansion programmes, along with the Group's established market position and long relationship with the Indian Railways. The ratings also factor in the Group's sizeable capex programme of Rs. 260-280 crore, of which approximately Rs. 45 crore has already been incurred in FY2026 towards establishing manufacturing facilities of its W-beam, wire and precast businesses. The remaining capex is expected to be funded through term debt of Rs. 165-175 crore, which is likely to moderate the Group's leverage and debt protection metrics over the medium term. Consequently, timely completion and ramp-up of the proposed projects, and the Group's ability to generate healthy revenue growth and profitability, remain key rating monitorable from the credit perspective. Further, the Group remains exposed to competition and volatility in order inflows and operating margins due to the tender-based nature of its operations. The ratings also factor in the sizeable contingent liabilities in the form of bank guarantees, however, ICRA draws comfort from the Group's established execution track record and the absence of any material invocation of guarantees in the past.

The Stable outlook on the long-term rating reflects ICRA's expectation of sustained improvement in the Group's revenues, backed by continuous order inflows and timely receipt of payments from its key customers, while maintaining comfortable financial risk profile and healthy liquidity position.

Key rating drivers and their description

Credit strengths

Established track record in manufacturing of PSC sleepers – The Group benefits from an established track record of over three decades in the manufacturing and supply of PSC sleepers to the Indian Railways. The Group's strong market position is supported by its large installed manufacturing capacity of approximately 6.5 million PSC sleepers per annum and a geographically diversified production footprint comprising 16 manufacturing facilities across 14 states, enabling it to cater to multiple railway zones and maintain a strong presence across the Indian Railways network.

Healthy revenue growth, supported by strong execution and product diversification – The Group has demonstrated a strong revenue growth trajectory, with the consolidated operating income increasing to Rs. 1,679 crore in FY2026 from Rs. 935 crore in FY2022, translating into a CAGR of around 16% over the period. The growth has been driven by healthy execution in the core PSC sleeper segment and increasing contribution from diversified product offerings, including SGCI inserts, fastening systems, HTS wires, compound walls and W-beam products, thereby strengthening the Group's revenue profile and reducing dependence on a single product category. Further, the Group's planned expansion into the precast segment is expected to create an additional growth avenue and further diversify its revenue base over the medium term.

Comfortable financial risk profile – The Group has a comfortable financial risk profile, characterised by a strong net worth base, supported by sustained accretion to profits. Consequently, the Group is expected to maintain a comfortable leverage position, with TOL/TNW remaining below 1.0 times over the medium term, despite the planned debt-funded capex programme. While the interest coverage ratio is expected to moderate to 5-6 times over the medium term due to incremental borrowings for ongoing expansion projects, it is expected to remain at a healthy level, supported by adequate profitability.

Credit challenges

Moderate order book position with high customer concentration risk – The Group has an outstanding order book position of Rs. 1,972.5 crore as on May 26, 2026, and is characterised by high customer concentration, with the Indian Railways accounting for over 80% of the outstanding order book, exposing the Group to railway procurement trends and capital expenditure programmes. Nevertheless, this risk is mitigated by the recurring nature of demand from track renewals, network modernisation and railway expansion projects, which provide sustained demand visibility for PSC sleepers, which is the prime contributor to the Group's revenues. Further, the Group's established market position, extensive manufacturing footprint and long relationship with the Indian Railways are expected to support healthy revenue visibility and business growth over the medium term.

Sizeable debt-funded capex plans of the Group in the near term – The Group has planned a sizeable capex programme of Rs. 260-280 crore over the near term, primarily towards expansion of its W-beam, wire and precast businesses. While around Rs. 45 crore was incurred in FY2026, the major portion of the remaining expenditure is expected to be undertaken in FY2027 and is proposed to be funded through term debt of Rs. 165-175 crore. Consequently, the debt protection metrics and the Group's leverage are expected to moderate, with Total Debt/OPBITDA projected to increase to around 1.9 times over the medium term from 1.5 times in FY2026. Therefore, timely completion and ramp-up of the proposed projects, as well as the Group's ability to achieve the anticipated revenue growth and profitability remain key rating monitorable.

Tender-based nature of operations – The company is exposed to competition in the tender-based contract award system, resulting in volatility in new order inflows and order book position, revenues and operating margins as witnessed in the past. However, the Group's diversified presence across the country, sizeable production capacity in PSC manufacturing and continued healthy capex outlay for railways mitigate the risk to an extent. The company has exposure to sizeable contingent liabilities in the form of bank guarantees, mainly for contractual performance, mobilisation advance and retention money. Nonetheless, ICRA draws comfort from its execution track record and absence of invocation of guarantees in the past.

Liquidity position: Adequate

The Group's liquidity position is Adequate with healthy cushion in working capital limits and free cash balances. The average utilisation of fund-based facilities was moderate at 52% for PRIPL and 6% for DEWPL between April 2025 and May 2026, resulting in adequate unutilised credit lines. In addition, the Patil Group had cash balance of Rs. 59.1 crore as on March 31, 2026, which include free cash balance of Rs. 39.1 crore. The company has repayment obligations of around Rs. 11 crore in FY2027, which is expected to be comfortably met from its operational cash flows and the sizeable capex plans are expected to be funded largely through term debt and internal accruals.

Rating sensitivities

Positive factors – The rating could be upgraded in case of significant improvement in scale of operations and earnings resulting in substantial improvement in debt coverage metrics and liquidity position on a sustained basis.

Negative factors – The rating could witness a downward revision in case of material decline in order book or earnings, or large debt funded capex leading to deterioration in debt protection metrics. Further, any sizeable dividend payout or higher working capital requirements leading to weakened liquidity position of the company can trigger a downward rating revision. Specific credit metric for downgrade includes total debt to OPBITDA increasing to more than 2 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Parent entity: Patil Rail Infrastructure Private Limited (PRIPL) For arriving at the ratings, ICRA has taken a consolidated view of PRIPL and its subsidiary, DEWPL, given the close operational, financial and managerial linkages between the entities. The entities considered for consolidated financials of PRIPL, along with its subsidiaries are mentioned in Annexure II.

About the company

Patil Rail Infrastructure Private Limited (PRIPL) is the flagship company of the Patil Group and was incorporated in 1996. The company is promoted by Mr. L. S. Patil and Mrs. Padmaja Patil. It is one of the leading concrete sleepers manufacturers and associated producer of HTS wires, inserts and fastening systems, majorly for the Indian Railways. The company has an annual production capacity of 50.44 lakh PSC sleepers and 47,400 metric tonnes (MT) of HTS wires. It has 13 sleeper manufacturing facilities and three wire plants spread across India.

Daya Engineering Works Private Limited (DEWPL) was incorporated on March 19, 1963, and is engaged in the business of railway track engineering, manufacturing various types of pre-stressed concrete sleepers, rail fittings for normal track etc. PRIPL had taken over DEWPL in 2012 and is operating in the eastern zone. The company has two manufacturing units at Gaya (Bihar) and Mirza (Assam), with an annual capacity of 14.87 lakh PSC sleepers.

At a consolidated level, the Group has an annual production capacity of 65.74 lakh PSC sleepers and 47,400 MT for HTS wires and has around 16 manufacturing facilities for sleepers, three wire plants, one fastening plant, two foundry units and one flash butt welding unit spread across 14 states in India.

Key financial indicators

Consolidated	FY2025	FY2026*
Operating income	1438.0	1679.0
PAT	133.1	100.2
OPBDIT/OI (%)	14.7%	9.0%
PAT/OI (%)	9.3%	6.0%
Total outside liabilities/Tangible net worth (times)	0.8	0.8
Total debt/OPBDIT (times)	0.9	1.5
Interest coverage (times)	9.5	8.1

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *provisional financials*
PAT: Profit after tax; OPBDIT: 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

	Current (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Aug 10, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit facilities	Long term	200.00	[ICRA]A+ (Stable)	July 15, 2025	[ICRA]A+ (Stable)	-	-	-	-
Fund-based – Term loan	Long term	59.45	[ICRA]A+ (Stable)	July 15, 2025	[ICRA]A+ (Stable)	-	-	-	-
Non-fund based – Working capital facilities	Long term/ Short term	275.00	[ICRA]A+ (Stable)/ [ICRA]A1	July 15, 2025	[ICRA]A+ (Stable)/ [ICRA]A1	-	-	-	-
Unallocated	Long term/ Short term	60.55	[ICRA]A+ (Stable)/ [ICRA]A1	July 15, 2025	[ICRA]A+ (Stable)/ [ICRA]A1	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Cash credit facilities	Simple
Long-term – Fund-based – Term loan	Simple
Long-term/Short-term – Non-fund based – Working capital facilities	Simple
Long-term/Short-term – Unallocated	Not Applicable

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	Financial sector regulator#
NA	Long-term – Fund-based – Cash credit facilities	NA	NA	NA	200.00	[ICRA]A+ (Stable)	RBI
NA	Long-term – Fund-based – Term loan	May 18, 2021	NA	December 07, 2029	59.45	[ICRA]A+ (Stable)	RBI
NA	Long-term/Short-term – Non-fund based - Working capital facilities	NA	NA	NA	275.00	[ICRA]A+ (Stable)/ [ICRA]A1	RBI
NA	Long-term/Short-term – Unallocated	NA	NA	NA	60.55	[ICRA]A+ (Stable)/ [ICRA]A1	RBI

Source: Company

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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
Patil Rail Infrastructure Private Limited	Rated entity	Full Consolidation
Daya Engineering Works Private Limited	100.00%	Full Consolidation
Daya Technical Services Private Limited	100.00%	Full Consolidation
Kallakal Foundry Casting Products Private Limited	88.66%	Full Consolidation
Patil SMH JV Private Limited	100.00%	Full Consolidation
Apna Technologies & Solutions Private Limited	86.63%	Full Consolidation
Coromandel Concrete Products Private Limited	100.00%	Full Consolidation

**Ownership of Patil Rail Infrastructure Private Limited in respective entities;*

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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