July 15, 2025

Daya Engineering Works Private Limited: Ratings assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term – Fund based – Cash credit facilities	27.50	[ICRA]A+ (Stable); assigned
Long term/Short term – Non-fund based - Bank Guarantee	19.50	[ICRA]A+ (Stable)/[ICRA] A1; assigned
Short term – Non-fund based - Letter of Credit	10.00	[ICRA]A1; assigned
Total	**57.00**	

**Instrument details are provided in Annexure I*

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 as the Group or the Patil Group) mentioned in Annexure II.

The assigned ratings favourably factor in the demonstrated track record of the Patil Group in pre-stressed concrete (PSC) sleeper supplies to Indian Railways (IR) for more than three decades, sizeable production capacity of 65 lakh PSC sleepers per annum, and diversified presence with manufacturing plants spread across 14 states in India. The financial risk profile remains comfortable, with estimated TOL/TNW to remain less than 1.0 times and interest coverage above 6 times in the medium term owing to low debt levels and healthy profitability margins.

Over the past five years, the Group has demonstrated healthy revenue growth, with a consolidated CAGR of 15%, with revenues improving to ~Rs. 1,604.5 crore in FY2025, supported by demand for PSC sleepers and product diversification into manufacturing of track components such as spheroidal graphite cast iron (SGCI) inserts, fasteners, high tensile steel (HTS) wires, and compound wall and W metal beam supply for railway line fencing. ICRA expects the revenue growth to remain heathy in the medium term, supported by adequate order book position of ~Rs. 2816.16 crore as of May 1, 2025. The operating margins have improved significantly, from below 10% levels prior to FY2020 to above 14% in the past five years, supported by backward integration into manufacturing of key inputs (SGCI inserts and HTS wires) and improved realisations. Further, the operating margins are expected to remain healthy at above ~12% levels in the medium term.

The ratings are, however, constrained by the high customer concentration risk with the Indian Railways accounting for around 85% of the outstanding order book as on May 01, 2025. This exposes the Group to the capex spend of the railways, particularly new lines and sleepers' replacement demand. However, healthy railways capex spending, sizeable manufacturing capacity of Patil Group's for PSC sleepers and the recent product diversification efforts are expected to support its revenues in the medium term. Additionally, the tender-based nature of operations, exposes the entity to competition and volatility in new order inflows, and revenues as witnessed in the past. ICRA notes the company's exposure to sizeable contingent liabilities in the form of bank guarantees, mainly for contractual performance. Nevertheless, ICRA draws comfort from its execution track record and absence of 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 credit metrics and liquidity at healthy levels.

Key rating drivers and their description

Credit strengths

Established track record in manufacturing of PSC sleepers – The Group has an established track record of more than three decades in the manufacturing and supply of PSC sleepers to Indian Railways. Also, the Group has a large production capacity of 65 lakh PSC sleepers per annum with manufacturing plants spread across 14 states in India, helping it secure major orders.

Healthy revenue growth coupled with improved operating margins over the past five years – Over the past five years, the Group's consolidated revenues witnessed significant growth to ~Rs. 1,604.5 crore in FY2025 from Rs. 790.9 crore in FY2020, at a CAGR growth of 15%, owing to healthy order execution for PSC sleepers and product diversification into manufacturing of track components such as SGCI inserts, fasteners, HTS wire and compound wall and W metal beam supply for railway line fencing. ICRA expects the revenue growth momentum to remain heathy in the medium term, supported by strong order book position of ~Rs. 2816.16 crore as on May 01, 2025. The operating margins has improved from less than 10% prior to FY2020 to above 14% in the past four years owing to backward integration into manufacturing of key inputs (HTS wires and SGCI inserts) and improved realisations and are expected to remain healthy at above 12% levels in the near term.

Comfortable financial risk profile – The company's financial risk profile is comfortable with estimated TOL/TNW less than 1.0 times in the medium term owing to low debt levels. Further, the interest coverage is projected to be above 6.0 times in the medium term, supported by healthy profitability margins and moderate leverage.

Credit challenges

High customer concentration risk – The company is exposed to high customer concentration risk with the IR accounting for majority share of revenues over the years. IR accounted for around 85% of the outstanding order book as on May 01, 2025. This exposes the Group to the capex spend of the railways, particularly on new lines and sleeper replacement demand. Nevertheless, healthy railways capex spending, sizeable manufacturing capacity of Patil Group's for PSC sleepers and the recent product diversification efforts are expected to support its revenues in the medium term.

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, and revenues as witnessed in the past. However, PRIPL'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 liquidity position is adequate with cushion in working capital limits and free cash balances. The average utilisation of fund-based facilities is low at 13% for PRIPL and DEWPL for the period between May 2024 and April 2025 and has unutilised credit lines of ~Rs. 140 crore. In addition, Patil group has liquidity (including unencumbered fixed deposit) of around Rs. 17.1 crore. The company has repayment obligations of around Rs. 48.8 crore in FY2026 and moderate capex plans which is expected to be comfortably met from its operational cash flows.

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 declining to less 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	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. The Group is one of the leading companies in manufacturing concrete sleepers, HTS wires, inserts and fastening systems, majorly for the Indian Railways. The Company has an annual production capacity of 44.16 lakh PSC sleepers and 47,400 metric tonne (MT) for HTS wires and has around 17 manufacturing facilities spread across 11 states in 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 14.25 lakh PSC sleepers.

ICON Sleeper Track Private Limited (ICON) was incorporated on August 08, 2007, and is engaged in the business of manufacturing various types of pre-stressed concrete sleepers, which was taken over by PRIPL in 2012. The plant is located at Siha village, Faridabad (Haryana) and has an annual capacity of six lakh PSC sleepers.

The company is likely to merge the subsidiaries DEWPL and ICON with PRIPL in the near term. On a consolidated level, the group has an annual production capacity of 65 lakh PSC sleepers and 47,400 metric tonne (MT) for HTS wires and has around 20 manufacturing facilities spread across 14 states in India.

Key financial indicators (audited)

Consolidated	FY2023	FY2024
Operating income	1,120.9	1,418.4
PAT	117.4	123.4
OPBDIT/OI (%)	18.6%	15.1%
PAT/OI (%)	10.5%	8.7%
Total outside liabilities/Tangible net worth (times)	1.5	1.0
Total debt/OPBDIT (times)	1.2	1.2
Interest coverage (times)	5.1	6.5

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

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 (FY2026)		Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	July 15, 2025	Date	Rating	Date	Rating	Date	Rating
Fund based – Cash credit facilities	Long term	27.50	[ICRA]A+ (Stable)	-	-	-	-	-	-
Non-fund based - Bank Guarantee	Long term/ Short term	19.50	[ICRA]A+ (Stable)/ [ICRA]A1	-	-	-	-	-	-
Non-fund based - Letter of Credit	Short term	10.00	[ICRA]A1	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based – Cash credit facilities	Simple
Long term/Short term – Non-fund based - Bank Guarantee	Very Simple
Short term – Non-fund based - 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 facilities	NA	NA	NA	27.50	[ICRA]A+ (Stable)
NA	Long term/Short term – Non-fund based - Bank Guarantee	NA	NA	NA	19.50	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Short term – Non-fund based - Letter of Credit	NA	NA	NA	10.00	[ICRA]A1

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
Daya Engineering Works Private Limited	100.00%	Full Consolidation
ICON Sleeper Track 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
Patil Digital Systems Private Limited	75.00%	Full Consolidation
Apna Technologies & Solutions Private Limited	86.63%	Full Consolidation
Patil Rail Fastening Systems Private Limited	99.00%	Full Consolidation
Apna Patil Rail Diagnostics Private Limited	100.00%	Full Consolidation

ANALYST CONTACTS

Ashish Modani
+91 20 6606 9912
ashish.modani@icraindia.com

Suprio Banerjee
+91 22 6114 3443
supriob@icraindia.com

Vinay G
+91 40 6939 6424
vinay.g@icraindia.com

Vamshi Kinnera
+91 40 6939 6420
vamshi.kinnera@icraindia.com

KBS Siva Krishna
+91 40 6939 6415
k.krishna@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

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.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches