

Track Innovations (India) Private Limited

	Amount Outstanding	Rating Action
	Rs. Crore	October 2016
Working Capital Limits	15.00	[ICRA]B: reaffirmed
Term Loan	2.32	[ICRA]B: reaffirmed
Unallocated	4.68	[ICRA]B: reaffirmed
Bank guarantee	2.00	[ICRA]A4: reaffirmed

ICRA has reaffirmed its long term rating of [ICRA]B (pronounced ICRA B) on the Rs.15 crore fund based limits, Rs.2.32 crore term loan and Rs.4.68 crore unallocated limits of Track Innovations (India) Private Limited (TIPL). ICRA has also reaffirmed its short-term rating of [ICRA]A4 (pronounced ICRA A four) on the Rs.2.00 crore short term facilities of the company¹.

ICRA's ratings derive comfort from the extensive experience of the management in the concrete sleeper manufacturing industry and TIPL's reputed client base which includes Northern Railways, and Larsen & Toubro Limited.

The ratings, however are, constrained by the company's modest scale of operations, coupled with slight decline in revenues over the past two financial years. The ratings also take into account the company's heavy dependence on orders from Northern Railways, which accounts for ~95% of the company's total revenues making profitability susceptible to variation in order inflows. ICRA also notes the working capital-intensive nature of TIPL's operations resulting in inventory pile up. Further, the company's weak profitability has resulted in weak coverage indicators with thin interest coverage of 1.58 times and weak DSCR² of 0.82 times in FY2016.

Going forward, the company's ability to scale up its operations with a sustained improvement in its profitability and debt coverage indicators will be the key rating sensitivities

Company Profile

TIPL manufactures pre-stressed concrete monoblock line sleepers and other special types of sleepers, and its clients include the Indian Railways and other government and private sector organizations. The company's manufacturing facility is located in Railway Colony, Chandigarh.

Recent Results

TIPL reported an operating income of Rs.29.37 crore and a net profit of Rs.0.11 crore in FY2016, as against an operating income of Rs. 31.75 crore and a net profit of Rs. 0.30 crore in the previous year.

October 2016

¹ For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA rating publications

² DSCR – Debt Service Coverage Ratio



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