



Press Release

E TO E TRANSPORTATION INFRASTRUCTURE LIMITED (ERSTWHILE E T TRANSPORTATION INFRASTRUCTURE PRIVATE LIMITED)

August 20, 2025

Rating Assigned and Reaffirmed

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|------------------------------------|------------------|----------------------------------|-------------------------|
| Bank Loan Ratings | 45.00 | ACUITE BBB Stable Assigned | - |
| Bank Loan Ratings | 73.80 | ACUITE BBB Stable Reaffirmed | - |
| Bank Loan Ratings | 35.00 | - | ACUITE A3+ Assigned |
| Bank Loan Ratings | 46.20 | - | ACUITE A3+ Reaffirmed |
| Total Outstanding Quantum (Rs. Cr) | 200.00 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 0.00 | - | - |

Rating Rationale

Acuite has reaffirmed its long-term rating at '**ACUITE BBB**' (read as **ACUITE triple Ba**) and short-term rating at '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs.120.00 crore and assigned its long-term rating at '**ACUITE BBB**' (read as **ACUITE triple Ba**) and short-term rating at '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs. 80.00 crore bank facilities of E To E Transportation Infrastructure Limited (ETIL). The outlook is '**Stable**'.

Rationale for Rating

The rating reaffirmation considers the long operational track record of the company of more than a decade in the railway infrastructure segment, which has in turn supported ETIL in establishing strong relationships with reputed clients in the domestic market, leading to recurring orders, coupled with government's thrust in the railway infrastructure segment. The rating also favourably factors in the steady business risk profile of the company marked by improved scale of operations in FY2025 and the opening order book position of Rs. 482 crore in FY2025 which shall be executed in the next 12-24 months, thus providing revenue visibility in the short term. Additionally, the company has a moderate financial risk profile and adequate liquidity marked by adequate net cash accruals and moderate utilization of the fund-based and non-fund-based limits. However, these strengths are partly offset by the working capital-intensive nature of operations of the company, competitive and fragmented nature of industry with tender based business, cyclical nature in the domestic capex cycle and any economic slowdown.

About the Company

Incorporated in 2010, Karnataka based E To E Transportation Infrastructure Limited (ETIL), is engaged in the procurement and supply of track lining, signalling and electrification equipment related to rail transport. The company also provides services which includes design, installation, testing, commissioning and system integration relating to signalling and telecommunication, track, overhead electrification, etc for railways. Its major business segments include turnkey EPC projects, manpower deployment and training and project maintenance services. The board of directors include Mr. Mukul Gulati, Mr. Sourajit Mukherjee, Mr. Vijay Ramvallabh Khetan, Mr. Manju Gupta, Mr. Ashwini Agarwal, Mr. Anshul Gupta and Mr. Vinay Kunjuri Panduranga Rao.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of ETIL to arrive at the rating.

Key Rating Drivers

Strengths

Established relationship with reputed clientele supported by the long operational track record

The company has a long operational track record of more than a decade in delivering railway projects and services. ETIL has built a track record of delivering solutions in Designing & Engineering, Installation, Testing & Commissioning, O&M services for Signalling & Telecom, Over Head Electrification and Track. The company's clientele includes Indian Railways and reputed players in the railway infrastructure sector such as RITES Limited and prominent players in private sector like Alstom, Siemens, among others, thereby mitigating the counterparty risk to some extent. Acuite believes that the long operational track record and reputed client base shall support the business risk profile of the company to an extent.

Diversification in verticals through subsidiary and MOU for partnerships and collaborations

ETIL is entering the Kavach segment as part of its vertical integration strategy. The company is also developing other signalling and safety technologies. To support product development, ETIL has established a new wholly owned subsidiary, and entered into a 50:50 co-development agreement with a reputed listed company. The subsidiary will be listed as the OEM upon Research Designs and Standards Organization (RDSO) approval. Further, ETIL has entered a MOU with one of the approved Kavach Technology provider for partnerships and collaborations as would be decided on case-to-case basis in railway and metro projects across India. The duration of the MOU is 3 years. Acuite believes that the diversification and MOU signed will further improve the order book position, along with operating income and profitability of the company.

Steady business risk profile marked by healthy order book position and higher bidding capabilities

The company reported healthy growth in revenues to Rs. 250.71 crore in FY2025 (Prov.) as against Rs. 165.30 crore in FY2024, thereby registering a Y-O-Y growth of 51.67 percent. The company has registered a revenue of Rs. 45.05 crore in Apr'25-June'25, the company's majority of the revenue is skewed towards the last quarter. The operating margin of the company stood at 11.44 percent in FY2025 (Prov.) as compared to 11.61 percent in FY2024. The PAT margin stood at 5.70 percent in FY2025 (Prov.) as compared to 6.40 percent in FY2024. ETIL has an opening order book of Rs. 482 crore for FY2026 which shall be executed in next 12-24 months, thus providing comfortable revenue visibility in the short term. Acuite derives comfort from the healthy revenue visibility in the near term and believes that the company will continue to sustain its order book position and maintain its business risk profile in the near term. Nonetheless, the smooth execution of the orders in hand without any delays will be a key monitorable.

Moderate financial risk profile

The moderate financial risk profile of the company is marked by moderate net worth base, below unity gearing and comfortable debt protection metrics. The tangible net worth of the company increased to Rs. 113.46 Cr. as on March 31, 2025 (Prov.) from Rs. 65.59 Cr. as on March 31, 2024 due to accretion of profits to reserves and equity infusion of Rs. 34.64 Cr. during FY2024-25. The gearing stood low at 0.58 times as on March 31, 2025 (Prov.), as against 0.93 times as on March 31, 2024. Further, the comfortable debt protection metrics are marked by Interest Coverage Ratio of 2.61 times as on March 31, 2025 (Prov.), as against 3.06 times as on March 31, 2024; and Debt Service Coverage Ratio at 1.82 times as on March 31, 2025 (Prov.) as against 1.85 times as on March 31, 2024.

Infusion of Capital

During the year, ETIL received an equity infusion through issue of fresh equity through preferential allotment of shares worth Rs. 34.64 crore in two tranches Rs. 15 crore in October 2024 and Rs. 19.64 crore in March 2025 with the majority of the infusion coming from reputed investors in the market. The proceeds from the equity infusion were utilised towards the company's working capital requirements. Going forward, the company expects an equity infusion of Rs. 25 crore from existing equity shareholders in October 2025, followed by a further infusion through an SME IPO. Acuite believes that the above-mentioned infusion of capital will further improve the overall the financial risk profile of the company.

Weaknesses

Working capital intensive nature of operations

The working capital management of the company has deteriorated in FY2025 (Prov.), although marked by high Gross Current Assets (GCA) of 329 days as on 31st March 2025 (Prov.) as compared to 314 days on 31st March 2024. High GCA days are on the account of high debtors' days and increased unbilled revenue (FY2025- Rs. 92.81 crore; FY2024- Rs. 56.98 crore). The debtor days stood at 137 days in FY2025 (Prov.) as against 138 days in

FY2024. Besides, most of the orders are usually concentrated towards the end of every fiscal, with ~60 percent of the sales in Q4FY2025, resulting in elevated working capital indicators as on year ending dates. The inventory days stood efficient at 1 days in FY2025 (Prov.) and FY2024. Further, the company has substantial dependence on its suppliers and creditors to support the working capital; creditor days increased to 223 days as on March 31, 2025 (Prov.), as against 200 days as on March 31, 2024. Acuite believes sustained improvement in creditors will remain a key monitorable.

Competitive and fragmented nature of industry coupled with tender based business

The company is engaged as a civil contractor, and the sector is marked by the presence of several mid to big size players. The company faces intense competition from the other players in the sectors. Risk becomes more pronounced as tendering is based on a minimum amount of bidding of contracts and hence the company must make bid for such tenders on competitive prices, which may affect the profitability of the company. However, this risk is mitigated to an extent as the company is operating in this environment for the last twelve years.

Rating Sensitivities

Consistent growth in revenues and profitability
Further elongation in the working capital cycle
Change in financial risk profile
Timely execution of existing orders and augmentation of new orders

Liquidity Position Adequate

The company has an adequate liquidity position marked by Net Cash Accruals of Rs. 15.24 crore as on March 31, 2025 (Prov.), as against long term debt repayments of Rs. 2.81 crore over the same period. The fund-based bank limit remained moderately utilised at 59.1 percent per cent and the non-fund-based facility remained moderately utilised at 62.04 percent for last 15 months ended May 2025. The current ratio stood moderate at 1.32 times as on March 31, 2025 (Prov.). Further, the outstanding BG as of June 2025 stood at Rs. 41.03 crore. The cash and bank balance stood at Rs. 12.60 Cr. as on 31st March 2025 (Prov.) Acuite believes that the liquidity position of the company is likely to remain adequate backed by the steady accruals.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

| Particulars | Unit | FY 25 (Provisional) | FY 24 (Actual) |
|-------------------------------|---------|---------------------|----------------|
| Operating Income | Rs. Cr. | 250.71 | 165.30 |
| PAT | Rs. Cr. | 14.29 | 10.57 |
| PAT Margin | (%) | 5.70 | 6.40 |
| Total Debt/Tangible Net Worth | Times | 0.58 | 0.93 |
| PBDIT/Interest | Times | 2.61 | 3.06 |

Status of non-cooperation with previous CRA (if applicable)

Not Applicable.

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|-------------|------------------------------------|------------|-----------------|--|
| 19 Aug 2024 | Bank Guarantee (BLR) | Short Term | 11.20 | ACUITE A3+ (Upgraded from ACUITE A3) |
| | Bank Guarantee (BLR) | Short Term | 10.00 | ACUITE A3+ (Upgraded from ACUITE A3) |
| | Bank Guarantee (BLR) | Short Term | 20.00 | ACUITE A3+ (Upgraded from ACUITE A3) |
| | Bank Guarantee (BLR) | Short Term | 5.00 | ACUITE A3+ (Upgraded from ACUITE A3) |
| | Working Capital Demand Loan (WCDL) | Long Term | 8.80 | ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable) |
| | Proposed Long Term Bank Facility | Long Term | 5.00 | ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable) |
| | Cash Credit | Long Term | 5.00 | ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable) |
| | Cash Credit | Long Term | 10.00 | ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable) |
| | Cash Credit | Long Term | 15.00 | ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable) |
| | Cash Credit | Long Term | 30.00 | ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable) |
| 01 Aug 2024 | Bank Guarantee (BLR) | Short Term | 11.20 | ACUITE A3 (Reaffirmed) |
| | Bank Guarantee (BLR) | Short Term | 10.00 | ACUITE A3 (Reaffirmed) |
| | Bank Guarantee (BLR) | Short Term | 20.00 | ACUITE A3 (Reaffirmed) |
| | Bank Guarantee (BLR) | Short Term | 5.00 | ACUITE A3 (Reaffirmed) |
| | Proposed Long Term Bank Facility | Long Term | 5.00 | ACUITE BBB- Stable (Reaffirmed) |
| | Cash Credit | Long Term | 5.00 | ACUITE BBB- Stable (Assigned) |
| | Working Capital Demand Loan (WCDL) | Long Term | 8.80 | ACUITE BBB- Stable (Reaffirmed) |
| | Cash Credit | Long Term | 10.00 | ACUITE BBB- Stable (Reaffirmed) |
| | Cash Credit | Long Term | 15.00 | ACUITE BBB- Stable (Assigned) |
| | Cash Credit | Long Term | 30.00 | ACUITE BBB- Stable (Assigned) |
| 02 Nov 2023 | Bank Guarantee/Letter of Guarantee | Short Term | 22.00 | ACUITE A3 (Assigned) |
| | Cash Credit | Long Term | 25.00 | ACUITE BBB- Stable (Assigned) |
| | Working Capital Demand Loan (WCDL) | Long Term | 10.00 | ACUITE BBB- Stable (Assigned) |
| | Proposed Long Term Bank Facility | Long Term | 10.41 | ACUITE BBB- Stable (Assigned) |
| | Term Loan | Long Term | 2.59 | ACUITE BBB- Stable (Assigned) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Quantum (Rs. Cr.) | Complexity Level | Rating |
|---------------------|----------------------|------------------------------------|----------------------|----------------------|----------------------|-------------------|------------------|----------------------------------|
| ICICI Bank Ltd | Not avl. / Not appl. | Bank Guarantee (BLR) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 11.20 | Simple | ACUITE A3+ Reaffirmed |
| RBL Bank | Not avl. / Not appl. | Bank Guarantee (BLR) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 10.00 | Simple | ACUITE A3+ Reaffirmed |
| State Bank of India | Not avl. / Not appl. | Bank Guarantee (BLR) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 5.00 | Simple | ACUITE A3+ Reaffirmed |
| HDFC Bank Ltd | Not avl. / Not appl. | Bank Guarantee (BLR) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 20.00 | Simple | ACUITE A3+ Reaffirmed |
| RBL Bank | Not avl. / Not appl. | Bank Guarantee (BLR) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 10.00 | Simple | ACUITE A3+ Assigned |
| ICICI Bank Ltd | Not avl. / Not appl. | Bank Guarantee (BLR) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 25.00 | Simple | ACUITE A3+ Assigned |
| RBL Bank | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 5.00 | Simple | ACUITE BBB Stable Reaffirmed |
| HDFC Bank Ltd | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 10.00 | Simple | ACUITE BBB Stable Reaffirmed |
| State Bank of India | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 15.00 | Simple | ACUITE BBB Stable Reaffirmed |
| Indusind Bank Ltd | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 30.00 | Simple | ACUITE BBB Stable Reaffirmed |
| Federal Bank | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 5.00 | Simple | ACUITE BBB Stable Reaffirmed |
| Federal Bank | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 15.00 | Simple | ACUITE BBB Stable Assigned |
| HDFC Bank Ltd | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 30.00 | Simple | ACUITE BBB Stable Assigned |
| Not Applicable | Not avl. / Not appl. | Proposed Long Term Bank Facility | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 1.88 | Simple | ACUITE BBB Stable Reaffirmed |
| ICICI Bank Ltd | Not avl. / Not appl. | Working Capital Demand Loan (WCDL) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 6.92 | Simple | ACUITE BBB Stable Reaffirmed |

Contacts

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About Acuité Ratings & Research

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