RITES Limited

June 26, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 3555.00 Crore (Reduced from Rs. 3790.00 Crore)	Regulator^
Long Term Rating	IVR AAA/Stable (Rating Reaffirmed)	RBI
Short Term Rating	IVR A1+ (Rating Reaffirmed)	RBI
^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: *None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.*

Rationale

Infomerics Valuation and Rating Limited (IVR) has reaffirmed long-term rating to IVR AAA with a Stable outlook and short-term rating to IVR A1+ for the bank loan facilities of RITES Limited (RL).

The rating continues to factor in RL's strong credit profile supported by its strategic importance as a Government of India (GoI) undertaking with majority ownership by the President of India (~72.20%), its reputed client base reflecting low counter party risk, diversified revenue profile and a strong order book position providing strong medium term revenue visibility. The rating further draws comfort from the company's strong liquidity position with substantial cash and bank balances, debt free status and comfortable financial risk profile marked by strong debt protection metrics during FY2026. However, these strengths are tempered by RL's exposure to foreign exchange risk due to its export operations and moderately elongated working capital cycle, inherent to its business model involving government counterparties.

IVR has principally relied on the standalone audited financial results of the company up to 31 March 2026, (i.e. review period from 1st April 2025 to 31st March 2026), projected financials of FY2027-FY2029 and publicly available information/ clarifications provided by the company's management.

Outlook: Stable

The 'Stable' outlook reflects IVR's expectation that the company will continue to benefit from its strong parentage, established market position, healthy order book (~Rs. 9,416 crore as on March 31, 2026, ~4.1x FY2026 total operating income) and strong credit profile characterized by sustained zero-debt status and robust liquidity (FY2026: ~Rs. 2,500 crore cash balance).

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone For arriving at the rating, IVR has considered Standalone financials of RL .
Parent/ Group Support	Not Applicable

List of companies considered for consolidation analysis is given at Annexure 4

Key Rating Drivers with Detailed Description

Strengths

- **Strong promoters and experienced management**

  RITES Limited (RL), a navratna Co, benefits from majority ownership (72.20%) by Government of India through Ministry of Railways, ensuring strong institutional positioning and access to nomination-based projects (~37% of order inflows). By virtue of being a public sector undertaking, RITES has established business relationships with several central and state government ministries, departments, corporations and public sector undertakings (PSU) which helps it in getting projects on nomination basis. RITES is also the only export arm of Indian Railways for providing rolling stock overseas. The Company is led by a well-qualified management team which has long standing experience in RITES/ other PSU's. The appointment of directors, both executive and non-executive are made by GoI.

- **Diversified revenue profile**

  The company has a diversified business model with operations across consultancy, turnkey EPC projects, export of rolling stock, and leasing services. In FY2026, it derived ~52.07% of its total revenue from providing consultancy services, ~26.47%

from undertaking turnkey construction projects, ~13.90% from the export of rolling stock, and around ~7.56% from leasing services. Furthermore, the Company undertakes projects both domestically and abroad; and its domestic operations contributed around ~83.15% to the revenue and remaining 16.85% from export market. The Company is likely to benefit from the diversification in its revenue profile over the medium term.

- **Strong order book position**

  RITES has a strong order book of ~Rs. 9,416 crore as on March 31, 2026 (OB/FY2026 OI: ~4.1x).. Total unexecuted order book is proposed to be executed in next 2-3 years which provides revenue visibility over the medium term. Out of total tenders around 63% are based on competitive bidding and the remaining 37% on a nomination basis. IVR believes RL will continue to benefit from its long-standing relationships with central and state government entities and PSUs in securing work orders.

- **Low counterparty risk due to its reputed clientele**

  Several decades of operating in consultancy and engineering in transport infrastructure and related technologies and its parentage provides RL with substantial technical credentials, which makes it better placed for qualifying for future bids in domestic and international market. The beneficiaries of services of RL have sound financial risk profile and hence, have a comfortable and more predictable payment pattern, which leads to acceptable level of receivables for RL. RL undertakes projects for governments, government instrumentalities, public sector enterprises etc. which mitigates counter party risk to a large extent.

- **Comfortable debt protection metrics and financial risk profile**

  The financial risk profile continues to remain strong. The tangible net worth (TNW) has improved to Rs. 2,489.34 crore in FY2026 from Rs.2481.34 crore in FY2025 supported by healthy profit accretion. RL continues to remain debt free resulting in robust debt protection metrics. The interest service coverage ratio (ISCR) and debt service coverage ratio (DSCR) remained healthy. Total indebtedness of the company as reflected by the TOL/ATNW remained comfortable at 1.31x in FY2026 as compared to 1.42x in FY2025.

Weaknesses

- **Exposure to foreign exchange risk**
  The company remains exposed to foreign exchange risk due to its export exposure (~16.85% in FY2026). The total unhedged foreign currency exposure of Rs. ~189 crore as on March 31, 2026, which, though manageable relative to its EBITDA, could lead to earnings volatility in adverse currency scenarios.

- **Elongated working capital cycle, albeit marginally improvement in FY2026**
  The company's working capital cycle remains moderately elongated, primarily due to receivable from government counterparties and project-based execution cycles. The receivable period stood at 133 days in FY2026, although an improvement from 142 days in FY2025. The overall operating cycle stood at ~76 days in FY2026 and is expected to remain within similar levels.

Liquidity – Strong

The company liquidity position is strong supported by cash and bank balances of Rs. 2,513 crore (exceeding ~1.1x annual TOI). The Company continued to maintain its zero debt status and registered healthy cash flow from operations (FY2026: Rs. 236.17 crore). The current ratio stood comfortable at 1.63x in FY2026 (FY2025: 1.50x). In absence of any term debt commitment as well as expected cash accruals to remain robust, the liquidity position shall remain strong.

Rating Sensitivities:

Upward Factors

- Nil

Downward Factors

- Sustained decline in order book thus adversely impacting the revenue visibility
- Deterioration in debt protection metrics and overall gearing.

About the Company

RITES Limited (RL) was incorporated in April 1974 as a multi-disciplinary consultancy organization operating in the fields of transport infrastructure and related technologies. RL is a Nav Ratna, Public Limited company, with 72.20% shareholding held by the Government of India. RL provides a comprehensive array of services from consultancy to project execution both domestically and internationally. It is listed on BSE and NSE.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026
	Audited	Audited
Total Operating Income	2074.21	2275.74
EBITDA	409.96	433.68
PAT	380.22	400.66
Total Debt	0.00	0.00
Adjusted Tangible Net Worth (TNW)	2373.43	2381.63
EBITDA Margin (%)	19.76	19.06
PAT Margin (%)	17.11	16.52
Overall Gearing (times)	0.00	0.00
Interest Coverage (times)	72.69	114.13

**Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company*

Applicable Criteria

Rating Methodology for Infrastructure Companies.

Financial Ratios & Interpretation (Non-Financial Sector)

Criteria of assigning rating outlook

Policy on default recognition

Policy on Withdrawal of Ratings

Complexity of rated instruments/facilities

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in in 2023-24
					February 25,2026	March 31,2025	February 23,2024
1.	Non-Fund Based Facilities	LT	3480.00	IVR AAA/Stable	-	IVR AAA/Stable	IVR AAA/Stable
2.	Non-Fund	ST	75.00	IVR A1+	-	IVR A1+	IVR A1+

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in in 2023-24
					February 25,2026	March 31,2025	February 23,2024
	Based Facilities						

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator ^	Complexity Indicator
Bank Guarantee	-	-	-	-	500.00	IVR AAA/Stable	Not Applicable	RBI	Simple
Bank Guarantee	-	-	-	-	350.00	IVR AAA/Stable	Not Applicable	RBI	Simple
Bank Guarantee	-	-	-	-	480.00	IVR AAA/Stable	Not Applicable	RBI	Simple
Bank Guarantee	-	-	-	-	500.00	IVR AAA/Stable	Not Applicable	RBI	Simple
Bank Guarantee	-	-	-	-	550.00	IVR AAA/Stable	Not Applicable	RBI	Simple
Bank Guarantee	-	-	-	-	200.00	IVR AAA/Stable	Not Applicable	RBI	Simple
Bank Guarantee	-	-	-	-	250.00	IVR AAA/Stable	Not Applicable	RBI	Simple
Bank Guarantee	-	-	-	-	500.00	IVR AAA/Stable	Not Applicable	RBI	Simple
Bank Guarantee	-	-	-	-	150.00	IVR AAA/Stable	Not Applicable	RBI	Simple
Letter of Credit	-	-	-	-	50.00	IVR A1+	Not Applicable	RBI	Simple
LER/CEL	-	-	-	-	20.00	IVR A1+	Not Applicable	RBI	Simple
LER/CEL	-	-	-	-	5.00	IVR A1+	Not Applicable	RBI	Simple

Bank Guarantee	-	-	-	-	0.00* (1000.0)	Withdrawn	Not Applicable	RBI	Simple
Bank Guarantee	-	-	-	-	0.00* (190.0)	Withdrawn	Not Applicable	RBI	Simple
LER/CEL	-	-	-	-	0.00* (100.0)	Withdrawn	Not Applicable	RBI	Simple

Note: *BG tenor is more than one year and hence rated on long term scale*

*No Due Certificate/mail has been received from SBI and Standard Chartered Bank for the same.

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/Len_RITES_26_Jun26_df3b283cbd.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for Consolidated analysis: Not Applicable

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) *	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings/Loans from overseas lenders/Loans from Multilaterals	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI

12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator such as IRDAI, PFRDA

Footnotes:

** Includes securitisation transactions involving assignee payout, acquirer's payout.*

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

 # There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

@ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side regulators have been included.

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