



Press Release

Kinet Railway Solutions Limited

May 01, 2025

Ratings

| Instrument/ Facility | Amount (Rs. crore) | Current Ratings | Previous Ratings | Rating Action | Complexity Indicator |
|------------------------------|---|--|---------------------|------------------|-------------------------|
| Long Term Bank Facilities | 600.00 | IVR A/ Stable (IVR Single A with Stable Outlook) | -- | Assigned | Simple |
| Total | 600.00 (Rupees Six hundred crore only) | | | | |

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned a rating of IVR A/ Stable to the long-term bank facilities of Kinet Railway Solutions Limited (KRSL). The rating derives strength from long track record of its promoters, viz. Rail Vikas Nigam Limited (RVNL) and Metrowagonmash (MWM), assured off-take agreement with Ministry of Railways (MoR) for supply and maintenance of trainsets, and the project being strategically important to Government of India (GoI). However, the rating strengths are partially offset by the project execution risk, susceptibility to supply risk of raw material, and susceptibility towards raw material price movements.

The stable outlook reflects expectation of stable operating performance backed by the agreement with MoR.

Key Rating Sensitivities:

Upward Factors

- Delivery of stipulated number of trainsets during a year as per the supply programme and timely receipts from MoR on a sustained basis.

Downward Factors

- Delays in delivery schedule which may adversely impact the cash flows and in turn debt protection metrics of the company.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Strategically important project to GoI

The Indian Railways launched India's first indigenous semi high speed train; Vande Bharat Express as part of the 'Make in India' campaign. The first Vande Bharat Express train was flagged off on February 15, 2019. The Indian Railways plan to operationalise 4500 Vande Bharat trains by 2047. The second-generation Vande Bharat trains began service in September 2022 and as of April 2025, 136 trains are in operation across the nation. The trains are manufactured in India with indigenous technology with less import dependence. Taking this further, Vande Bharat trains now plan to introduce sleeper variants, being manufactured through partnerships.

Long track record of RVNL and MWM

RVNL was incorporated as a Public Sector Undertaking on January 24, 2003, to bridge infrastructure deficit in Indian Railways. GoI holds 72.84% equity in RVNL. The company was granted Miniratna status in September 2013 and subsequently upgraded to Navratna status in 2023. RVNL has also been rated "Excellent" eleven consecutive times by the Department of Public Enterprises (DPE), GoI. RVNL is one of the few agencies, through which, MoR has implemented railway projects throughout the country. It has significant execution capabilities in the railway segment and a strong orderbook of Rs. 96,780 as on January 31, 2025, with ~49% of the projects from MoR on a nomination basis having a cost-plus margin structure.

Metrowagonmash (MWM), founded in 1897, has played an important role in the development of subway systems across Russia and internationally. From 2005, MWM became part of the Transmashholding group (TMH) and is one of the largest rolling stock companies in Russia. MWM specializes in development, designing and manufacturing of metro cars, light rail vehicles, and electric multiple unit trains. MWM will also train Indian Railways' engineers and technicians for the Vande Bharat Project, which will further contribute to the development of indigenous manufacturing and maintenance skills.

Assured off-take agreement with MoR for supply and maintenance of trainsets

MoR signed an agreement of sleeper trainsets with KRSL on September 27, 2023, for supply of 120 sleeper trainsets along with its maintenance for 35 years. The project involves upgradation of Marathwada Rail Coach Factory at Latur, Maharashtra, India and Trainset depots provided by GoI. GoI would be responsible for providing rail track and electrified



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traction lines connecting the factory and the maintenance depots to the existing railway network and washing lines on the operational route. The offtake agreement defines supply program for 120 trainsets to be supplied over a period of 7 years. The agreement with MoR provides for defined roles and obligations of each party, penalty for deviation in supply program, key performance indicators, payment terms amongst others. MoR will also pay the maintenance fee for undertaking the operations and maintenance of all project assets at the manufacturing unit, trainset depots, training facilities and washing lines. Thus, the company has assured offtake giving clear visibility of the cashflows, however, KRSL's ability to adhere to the supply program in a timely manner will be a key rating monitorable.

Key Rating Weaknesses

Project execution risk

The total estimated project cost involving capex towards upgradation of factory and trainset depots, procurement, and manufacturing of 120 sleeper trainsets is Rs. 3726.17 crore. The project is proposed to be funded through equity of Rs. 410 crore, term loan of Rs. 1650.22 crore and balance receipts from authority. Debt of Rs.1530 crore has been tied up. The rated debt is partly guaranteed by RVNL and partly by TMH. As of April 09, 2025, ~50% of equity has been infused. The first prototype is likely to be delivered by June 2026. Timely supply of trainsets will be a key rating monitorable.

Susceptibility to supply risk and volatility in price of raw material

KRSL has defined timelines to supply 120 trainsets by FY31. It becomes essential for the company to receive the raw material on time, as delay in procurement will lead to delay in supply of trainsets. As per the agreement, trainset's sale price by KRSL is explicitly defined. However, there is a price indexation to take care of any volatility in raw materials to some extent. KRSL has made similar arrangements with its suppliers.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)



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Liquidity – Adequate

Once the supply of trainsets start, regular receipts from the authority will also ensure availability of working capital. The company's cash flow is expected to be adequate with expected timely payments from Indian Railways. The receivables will be escrowed to meet the principal repayment and interest payments, and the company will create and maintain a debt service reserve account of 3 months of debt servicing after moratorium period which will further support liquidity. The company had free cash and cash equivalents of Rs. 40.70 crore as on April 21, 2025.

About the Company

Kinet Railway Solutions Limited was established on April 19, 2023, as a joint venture between Rail Vikas Nigam Limited (25%), Metrowagonmash (70%, Lead member) and Locomotive Electronic Systems (5%) for the manufacturing and supply of 120 Vande Bharat Sleeper Trainsets to MoR and its maintenance thereof for next 35 years from the date of supply.

Financials (Standalone):

| | (Rs. crore) | |
|-----------------------------------|-------------------|-------------------|
| For the year ended/ As on* | 31-03-2023 | 31-03-2024 |
| | Audited | Audited |
| Total Operating Income | -- | -- |
| EBITDA | -- | -21.84 |
| PAT | -- | -27.24 |
| Total Debt | -- | -- |
| Tangible Net Worth | -- | 97.01 |
| EBITDA Margin (%) | -- | NM |
| PAT Margin (%) | -- | NM |
| Overall Gearing Ratio (x) | -- | -- |
| Interest Coverage (x) | -- | NM |

*As per Infomerics Standard NM: Not Meaningful

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:



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| Sr. | Name of Facilities | Current Ratings (Year 2025-26) | | | Rating History for the past 3 years | | |
|-----|--------------------|--------------------------------|--------------------------------|---------------|---|---|---|
| | | Type | Amount outstanding (Rs. Crore) | Rating | Date(s) & Rating(s) assigned in 2024-25 | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 |
| | | | | | -- | -- | -- |
| 1. | Term Loan | Long Term | 600.00 | IVR A/ Stable | -- | -- | -- |

Name and Contact Details of the Rating Analyst:

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|---|--|
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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI). Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations. Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary. For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Details of Facilities

| Name of Facility | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|------------------|------------------|------------------|---------------|------------------------------|--------------------------|
| Term Loan | -- | -- | March 2032 | 600.00 | IVR A/ Stable |

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-KRSL-may25.pdf>

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

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

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.