



Press Release

RITES Limited

March 31, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	3615.00	IVR AAA/ Stable (IVR Triple A; with Stable Outlook)	IVR AAA/ Stable (IVR Triple A; with Stable Outlook)	Rating Reaffirmed	Simple
Short Term Bank Facilities	175.00	IVR A1+ (IVR A One Plus)	IVR A1+ (IVR A One Plus)	Rating Reaffirmed	Simple
Total	3790.00	Rupees Three Thousand Seven Hundred Ninety Crore Only			

Details of Facilities/Instrument are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

Detailed 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 long-term rating has been assigned as the Bank Guarantee tenure is more than 1 year.

The rating continues to draw comfort from the strong promoters and experienced management, diversified revenue profile, strong order book position, low counterparty risk due to its reputed clientele and comfortable debt protection metrics and financial risk profile during FY2024 and 9MFY25. However, these strengths are partially offset by exposure to foreign exchange risk.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes RL will continue to benefit from its operational track record in the business, its parentage with Indian Railways and continuous inflow of orders. The industry outlook is improving as economies transit from fossil fuel-based energy to renewable energy sources, green infrastructure emerges as an important instrument for the overarching goal of the transport framework.

IVR has principally relied on the standalone audited financial results of RL upto 31 March 2024 (refers to period April 1st, 2023, to March 31, 2024) results, 9MFY25 unaudited results and projected financials for FY2025, FY2026 and FY2027, and publicly available information/ clarifications provided by the company's management.



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Key Rating Sensitivities:

Upward Factors

- Not Applicable

Downward Factors

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

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Strong promoters and experienced management:**
RITES Limited (RL), a Nav Ratna is promoted by Ministry of Railways, Government of India (GoI) and has the benefit of being associated with Indian Railways, which is among the largest rail networks in the world. 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 a 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 appointments of directors, both executive and non-executive are made by GoI.
- **Diversified revenue profile:**
In FY2024, it derived ~50.48% of its total revenue from providing consultancy services, ~39.08% from undertaking turnkey construction projects, ~4.47% from the export of rolling stock, and around ~5.97% from leasing services. Furthermore, the Company undertakes projects both domestically and abroad and its domestic operations contributed around ~91.69% to the revenue and remaining 8.31% from export market. The Company is likely to benefit from the diversification in its revenue profile over the medium term.
- **Strong order book position:**
It caters to both domestic as well as international markets and receives order on tender as well as nomination basis. The order book position stood healthy as on December 31, 2024, at ~Rs.7,859.00 Crores. 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 70% are based on competitive bidding and the remaining 30% on a nomination basis. IVR believes that RL will continue to secure a significant portion of such tenders under the bidding system by virtue of its long-standing experience in executing railway and other related projects.
- **Low counterparty risk due to its reputed clientele:**



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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 an acceptable level of receivables for RL. RL undertakes projects for governments, government instrumentalities, public sector enterprises etc. Hence counter party risk is very low.

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

In terms of the debt coverage indicators, the interest service coverage ratio (ISCR) and debt service coverage ratio (DSCR) remained comfortable at 111.93x and 42.75x respectively in FY2024. The adjusted tangible networth improved to Rs. 2315.32 crore in FY2024 from Rs. 2308.78 crore in FY2023. Overall gearing is NIL in FY2024 due to no fund-based debt in books. Total operating income (TOI) stood at Rs. 2312.00 crore in FY2024. In 9MFY2025 the TOI stood at Rs. 1508.70 crore.

Key Rating Weaknesses

- **Exposure to foreign exchange risk:**

With some portion of sales derived from exports i.e., ~12.22% in FY2023 and ~8.31% in FY2024. RL's profitability remains exposed to foreign exchange currency fluctuations. In FY2024, the company had total unhedged foreign currency exposure of Rs. ~101 crore as against the EBITDA of Rs. 526.08 crore, which safeguard the margins to larger extent. Furthermore, the significant proportion of exports in the total revenue is backed by letter of credit, hence, there are low risks of losses due to defaults.

Analytical Approach: For arriving at the ratings, IVR has analysed RL's credit profile by considering the standalone financial statements of the company.

Applicable Criteria:

[Rating Methodology for Infrastructure 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 – Strong

The company liquidity position is strong. There are no fund-based borrowings from banks making it as a zero-debt company. The company projected to generate net cash accruals (after adjusting dividends) of Rs. 123-302 crore from FY2025-FY2027. The average utilization of non-fund based working capital limits of the company stood low at ~35.63% during last 12 months ending 28th February 2025. With the adequate expected cash accruals against repayments, the liquidity position will remain strong.

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.

Financials (Standalone):

(Rs. crore)		
For the year ended as on	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	2513.33	2312.00
EBITDA	649.09	526.08
PAT	530.54	454.11
Total Debt	0.00	0.00
Tangible Networkth	2416.49	2423.03
EBITDA Margin (%)	25.83	22.75
PAT Margin (%)	20.11	18.62
Overall Gearing Ratio (x)	0.00	0.00
Interest Coverage Ratio (x)	98.05	111.93

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable



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Rating History for last three years:

Sr. No.	Type of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (23 February 2024)	Date(s) & Rating(s) assigned in 2022-23 (20 January 2023)	Date(s) & Rating(s) assigned in 2021-22 (03 January 2022)
1.	Non-Fund Based	Long Term	3615.00	IVR AAA/Stable	IVR AAA/Stable	IVR AAA/Stable	-
2.	Non-Fund Based	Short Term	175.00	IVR A1+	IVR A1+	-	IVR A1+

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About Infomerics:

Infomerics Valuation and Rating Ltd [Formerly Infomerics Valuation and Rating Pvt Ltd] (Infomerics) 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 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
Bank Guarantee*	-	-	-	3615.00	IVR AAA/Stable
Letter of Credit	-	-	-	50.00	IVR A1+
CEL/LER	-	-	-	125.00	IVR A1+

*BG tenure is more than 1 year.

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-rites-mar25.pdf>

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

Annexure 4: List of companies considered for consolidated/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.