

Rail Vikas Nigam Limited

March 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	1,510.00	CARE AAA; Stable	Assigned
Long-term bank facilities	30.00	CARE AAA; Stable	Reaffirmed
Long-term / Short-term bank facilities	8,500.00	CARE AAA; Stable / CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to long-term and short-term bank facilities of Rail Vikas Nigam Limited (RVNL) continues to consider RVNL's strong managerial and financial linkages with Government of India (GoI) with 72.84% ownership. Ratings also derive strength from RVNL's significant execution capabilities in the railway segment and its strong orderbook position of ~₹87,000 crore as on December 31, 2025, with ~46% of the projects from Ministry of Railways (MoR).

While domestic railway projects are now being tendered through MoR's competitive bidding system, RVNL has started bidding in competitive landscape and has been able to secure over ₹47,000 crore worth of projects in railways and other segments. RVNL continues to leverage on its project management skills and sound technical qualifications to secure projects in era of discontinuation of nomination policy from MoR. Based on such expertise, RVNL's orderbook has also diversified towards roads, irrigation, industrial manufacturing, electrical works, solar, ports, telecommunication among others.

Ratings also favourably factor in the company's favourable financial risk profile marked by strong and sustained total operating income (TOI), low reliance on unaided borrowings, and strong liquidity. Adequate cash accrual generation amidst the equity commitments in the underlying special purpose vehicles (SPVs), low sponsor dependence of SPV for operations and debt servicing, and low leverage are some of the other strengths. Major increase in leverage including corporate guarantee extended to build operate transfer (BOT) projects will be a rating monitorable and remains a key sensitivity.

However, rating strengths are partially tempered by competitive and fragmented industry and moderate profitability due to sub-contracting most construction work. Going forward, RVNL's ability to maintain existing scale up of operations and improve profitability, while securing and executing projects from competitive bidding shall be crucial. This apart, investments to subsidiaries and joint ventures (JVs) and inherent life cycle risks of BOT projects are other credit deterrents.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Not applicable

Negative factors

- Shareholding of MoR below 51%.
- Weakening managerial and financial linkages with MoR, GoI.
- Exposure to SPVs breaching over 50% of tangible net worth (TNW) adversely, impacting capital structure.
- Significantly declining order book position with dip in profit before interest, lease rentals, depreciation and taxation (PBILDT) margin.
- External debt (excluding loans for project execution being serviced by MoR per the memorandum of understanding (MoU) between RVNL and MoR and mobilisation advances) to PBILDT exceeding 1.00x.

Analytical approach:

Standalone, factoring parent notch up due to GoI ownership and factoring likely support/equity investments to be extended by RVNL to its JVs/subsidiaries.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Outlook: Stable

The outlook for RVNL is expected to be 'Stable' backed by its strong financial flexibility due to GoI holding of 72.84%. Healthy orderbook position and strong liquidity is expected to render stability to the company's risk profile.

Detailed description of key rating drivers:**Key strengths****Significant linkages with GoI and MoR**

RVNL was incorporated in 2003 entirely held by GoI and subsequently received Mini Ratna public sector undertaking (PSU) status in 2013 and has been upgraded to 'Navratna' status in FY23 by the department of public sector enterprises (PSE). Currently, GoI holds 72.84% (PY: 72.84%) equity in RVNL, dilution of stake occurred in Q1FY24 to meet minimum public shareholding requirement per regulatory requirement for listed companies. RVNL is the one of the few agencies, through which, MoR has implemented railway projects throughout the country.

As on February 23, 2026, the board of RVNL is headed by Saleem Ahmad, Chairman and Managing Director (CMD) with over 35 years of experience in the construction sector.

RVNL holds strong linkages with the MoR and is professionally managed by the board of directors comprising four whole-time directors, CMD and one independent directors. RVNL also receives interest free mobilisation advances from MoR for executing MoR projects, which lowers dependence on external debt.

Strong order book position

As on December 31, 2025, the company's orderbook stood at over ~₹87,000 crore with a revenue visibility of over 4.38x the FY25 income from operations. Earlier, the company used to be nominated by the MoR for railway projects, which shifted to a competitive bidding basis. CARE Ratings Limited (CareEdge Ratings) takes cognisance of RVNL procuring ~₹47,000 crore of projects on competitive bidding basis of the total outstanding orderbook. CareEdge Ratings further believes that RVNL will continue to secure a comfortable portion of such tenders under the bidding system by its long-standing experience in executing railway projects. Of the total order book outstanding as on December 31, 2025, ~46% orders are received on nomination basis from the MoR. However, the proportion of projects on nomination is expected to continue to decrease the next 2-3 years, in which, competitive bidding will contribute to a majority chunk of projects. The company is also pursuing diversification of the orderbook and has taken up projects in the road, irrigation, electrical transmission works, and mass rapid transit (MRT) segments. RVNL has started bidding in open market and apart from bidding in domestic and RVNL is also pursuing international projects through JVs/MoUs to augment its operations. RVNL plans to leverage on its project management skills and sound technical qualifications to secure projects in era of discontinuation of nomination policy from MoR.

Projects on nomination from the MoR are 'cost-plus' in nature, where RVNL receives a fixed management margin over the cost incurred for executing these projects. RVNL is not required to furnish performance or advance BGs for these cost-plus projects. Currently, RVNL's majority projects are based within India. However, the company has taken projects in Maldives, East Africa, Uzbekistan, Saudi Arabia and proposes to take up more projects overseas as well.

Established track record and proven project execution capabilities

The company began operations in 2005 for raising extra-budgetary resources and implementation of projects relating to creation and augmentation of capacity of rail infrastructure on fast-track basis. The company has contributed to over 35% of railway doubling and over 25% of railway electrification done in India. RVNL has also been rated "Excellent" 14 consecutive times by the Department of Public Enterprises (DPE), Government of India. CareEdge Ratings believes the established track record and execution capabilities will aid RVNL in securing new projects and improve revenue visibility and cash flow generation.

Healthy growth in scale of operations with low reliance on external debt

The company exhibits a favourable financial risk profile due to its project management capability, allowing it to scale up operations to ensure healthy cash generation. RVNL's TOI reported a compounded annual growth rate (CAGR) of 6% for the last five fiscals and stood at ₹19,869 crore (PY: ₹21,733 crore) for the fiscal year ended March 31, 2025, reporting moderate dip of ~9%. RVNL operates through sub-contracting and has a track record to sub-contract the projects to marquee contractors.

The company does not have significant fund-based working capital limits. For projects from MoR, RVNL has a monthly back-to-back reimbursement mechanism in place, where monthly payment is made to sub-contractors by RVNL's accruals and bills are

subsequently reimbursed by Indian Railways with a management margin. Low counterparty risk from the principal contractor, Indian Railways, also ensures availability of working capital.

RVNL has low dependence on external bank borrowings. However, certain projects of RVNL are funded by Indian Railway Finance Corporation (IRFC), where IRFC extends loans to RVNL for executing these projects. These projects fall under the purview of the MoU between MoR and RVNL, where RVNL is responsible for financial closure, monitoring, satisfactory completion and commissioning of these projects and MoR shall take or cause to be taken, all action, including provision of funds, facilities, services and other resources necessary or appropriate to enable RVNL to perform its obligations and shall cause RVNL to perform its obligations in accordance with the Loan Agreement and Project Implementing Agreement. According to the MoU, funds for servicing these loans are provided by the Railway Board and servicing is passed through RVNL's accounts.

The adjusted debt (excluding the IRFC pass-through debt and interest-free advances from MoR) to TNW of RVNL and adjusted debt to PBILDT stood at Nil (PY: 0.01x) and 0.03x (PY: 0.03x), respectively, as on March 31, 2025. Change in stance leading to deterioration in external debt/PBILDT exceeding unity shall be key rating monitorable.

Key weaknesses

Inherent challenges associated with the construction industry

A disproportionate hike in commodity prices compared to inflation indexation, aggressive bidding, delay in achieving financial closure, or delay in project progress because of unavailability of regulatory clearances may affect the contractor's credit profile and exert pressure on margins of entities operating in the industry.

Moderate profit margins

The company's profitability indicators recorded a moderate decline in PBILDT margins to 5.62% in FY25 (FY refers to April 01 to March 31; PY: 6.27%) primarily due to increased share of bid-based projects in total operating income (TOI). Margins are expected to remain range-bound in the short-to-medium term, as the contribution from nomination-based projects will decrease in this period. According to CareEdge Ratings, the company's ability to sustain current scale of operations and enhance profitability and effectively secure and execute competitively bid projects will be a key determinant of financial performance going forward.

Exposures to subsidiaries/JVs and life cycle risks of BOT projects

RVNL has a portfolio of five operational SPVs incorporated as JVs for implementing and operating specific railway projects on BOT basis. RVNL also has three hybrid annuity model (HAM) road projects at nascent stages and three multi-modal logistics park (MMLP) SPVs. RVNL also has long-standing interest-bearing debtors from its JV, Krishnapatnam Railway Company Limited (KRCL) where ₹466 crore (PY: ₹642 crore) are outstanding as debtors and ₹890 crore (PY: ₹812 crore) are outstanding as interest. Together, dues from KRCL form 15.73% (PY: 18.50%) of RVNL's net worth. The JV is under arbitration with Southern Central Railway (SCR) for clearance of operational dues payable by SCR to KRCL. According to management articulation, arbitration award has been received in favour of RVNL, however, Ministry of Railways (MoR) is planning to challenge it. This will remain a key monitorable. In FY25 (FY refers to April 01 to March 31), RVNL changed interest from compound to simple from October 01, 2024, whereas KRCL requested application of simple interest from April 01, 2020, instead of compound interest. The matter remains pending with the Board of Directors and adjustment will be recognised when the matter gets finalised. In FY25, ₹219.74 crore was received.

The MMLP JVs are expected to have only equity-funded works and debt funding in these SPVs is not envisaged by RVNL. Total equity commitment for RVNL is ~₹400 crore, which is to be funded by internal accruals over 2-3 years. Going forward, RVNL expects upstreaming of surplus cash flow from Railway SPVs. Exposure to subsidiaries in the form of investment and loans and advances as percentage of net worth stood at a low level at ~20% on March 31, 2025. CareEdge Ratings observes that the extent of exposure in BOT projects and its impact on capital structure will be key monitorable.

Apart from this, the company is also exposed to life cycle risks of these public-private partnership (PPP) projects such as revenue risk and financial risks.

Liquidity: Strong

RVNL's liquidity is strongly supported by strong cash generation from its own operations. This apart, cost-plus nature of the MoR orders with funding for execution met on back-to-back basis between Indian Railway and contractors provide readily available working capital support and stability to RVNL's margins. The operating cycle comfortably stands at 18 days for FY25 (FY24: 22 days) since majority contracts are given on subcontracting, which are on running-bill basis where RVNL makes monthly payments from its internal sources realised from MoR. The company does not have debt obligations to be serviced from its accruals. Debt

on books is completely of pass-through nature, where servicing of debt is done by MoR passing through RVNL's books making the company's cash flow position strong. Unencumbered cash and bank balances stood at ~₹3,447 crore as on March 31, 2025.

Assumptions/Covenants

Not applicable

Environment, social, and governance (ESG) risks

ESG issues are credit neutral or have only minimal credit impact on RVNL, as listed below:

	Risk factors	Mitigating measures
Environmental	<ol style="list-style-type: none"> 1. Material selection 2. Water consumption 3. Method of construction 4. Waste management 5. Greenhouse emissions 6. Recycling 	<p>The company has been consistently laying emphasis on utilising energy efficient equipment in its office premises and across projects to minimally affect the ecology and environment. Solar panels are installed at all railway stations and level crossings. LED lighting system, and wherever feasible, automatic sensor-based lightings are installed.</p> <p>Regarding waste management and recycling, RVNL follows a 4-point strategy focussed towards minimising waste and following a circular economy. RVNL also keeps track of environmental regulations to keep its operation up to date, the staff is also provided with training for environmental awareness.</p>
Social	<ol style="list-style-type: none"> 1. Workmen safety 2. Community impact 3. Emergency response planning 	<p>For occupational health, RVNL follows comprehensive training for employees, addresses workplace risks, and uses feedback for ongoing safety enhancement.</p> <p>Towards community impact, RVNL conducted welfare programmes, such as, COVID-19 testing/vaccination camps, emergency control room, first-aid facility equipped with medical beds, oxygen concentrators, COVID-19 medicines, facemasks, medical camps empanelment of hospitals for cashless and hassle-free admission and provision of bed facility in case of hospitalisation among others. At corporate office and PIUs for the welfare of employees.</p>
Governance	<ol style="list-style-type: none"> 1. Stakeholder engagement, supply chain management 2. Internal controls 3. Composition of the board 4. Diversity 5. Code of conduct 	<p>RVNL has a transparent reporting system governed by a board of nine directors consisting of one government nominees including the member of the railway board.</p> <p>There is a defined whistle-blower mechanism, regular internal, and external checks for maintaining robust control.</p>

Applicable criteria

[Definition of Default](#)
[Factoring Linkages Government Support](#)
[Factoring Linkages Parent Sub JV Group](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Financial Ratios – Non financial Sector](#)
[Construction Sector](#)
[Infrastructure Sector Ratings](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

RVNL was incorporated as PSU on January 24, 2003, with the vision of the then Hon'ble Prime Minister, Bharat Ratna Late Atal Bihari Vajpayee, to bridge the infrastructure deficit in Indian Railways. The company was granted Miniratna status in September 2013 and subsequently upgraded to Navratna status in 2023. RVNL generally works on turnkey basis and undertakes full cycle of

project development from conceptualisation to commissioning, including stages of design, preparation of estimates, calling and award of contracts, project and contract management, among others. The company has been listed after disinvestment of 12.16% stake of GoI through IPO. Through subsequent offers for sale (OFS), GoI's holding was divested to meet minimum public shareholding requirement as stipulated by Securities Exchange Board of India (SEBI).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	21,733	19,869	13,364
PBILDT*	1,363	1,116	520
Profit after tax (PAT)	1,463	1,189	588
Overall gearing (x)	0.64	0.52	NA
Interest coverage (x)	2.40	2.08	1.67

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	30.00	CARE AAA; Stable
Fund-based - LT-Working Capital Demand loan		-	-	-	1510.00	CARE AAA; Stable
Non-fund-based - LT/ST-BG/LC		-	-	-	8500.00	CARE AAA; Stable / CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Issuer Rating-Issuer Ratings	LT	-	-	-	-	1)Withdrawn (01-Nov-23)	1)CARE AAA; Stable (26-Dec-22) 2)CARE AAA (Is); Stable (03-Oct-22)
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	8500.00	CARE AAA; Stable / CARE A1+	-	1)CARE AAA; Stable / CARE A1+ (28-Mar-25) 2)CARE AAA; Stable / CARE A1+ (05-Apr-24)	1)CARE AAA; Stable / CARE A1+ (01-Nov-23)	-
3	Fund-based - LT-Cash Credit	LT	30.00	CARE AAA; Stable	-	1)CARE AAA; Stable (28-Mar-25) 2)CARE AAA; Stable (05-Apr-24)	-	-
4	Fund-based - LT-Working Capital Demand loan	LT	1510.00	CARE AAA; Stable				

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable
Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Working Capital Demand loan	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Name: Rajashree Murkute Senior Director CARE Ratings Limited Phone: +91-22-6837 4474 E-mail: rajashree.murkute@careedge.in</p> <p>Name: Maulesh Desai Director CARE Ratings Limited Phone: +91-79-4026 5605 E-mail: maulesh.desai@careedge.in</p> <p>Name: Prasanna Krishnan Associate Director CARE Ratings Limited Phone: +91-120-4452014 E-mail: prasanna.krishnan@careedge.in</p>
--	--

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2026, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information required as per applicable law and regulations and CARE Ratings Limited holds exclusive copyright over the same. Any reproduction, retransmission, modification, derivative works or use or reference to the contents, in whole, in part or in any form, is prohibited except with prior express written consent from CARE Ratings Limited.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**