

RITES Limited

July 03, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	3,555.00	CARE AAA; Stable / CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7.

Rationale and key rating drivers

Ratings assigned to bank facilities of RITES Limited (RITES) continue to be supported by its strong managerial and financial linkages with the Government of India (GoI), which held a 72.20% ownership stake in the company as on March 31, 2026. Ratings factor in RITES' healthy and diversified order book of ₹9,416 crore as on March 31, 2026, which translates to 3.9x its FY26 operating income and provides medium-term revenue visibility.

Ratings are further supported by the company's long-standing presence and established track record in executing transport infrastructure consultancy and engineering projects across railways, buildings, and airports segments. The company has adapted to the shift towards competitive tendering, with ~62% of its order book as on March 31, 2026, secured through competitive bidding. It continues to receive works demanding higher order of safety requirements on a nomination basis from railways owing to its technical expertise. Over the last three years ending FY26, RITES has strengthened its position in locomotive exports and maintained stable revenue from locomotive leasing.

Ratings also factor in RITES' strong financial risk profile, characterised by stable total operating income over the past three years, healthy profitability despite an increasing share of competitively bid projects, absence of external bank debt, and strong liquidity supported by healthy cash and bank balances. Going forward, RITES' ability to grow its scale of operations while maintaining profitability and managing working capital requirements will remain crucial.

However, these strengths are partially offset by working capital intensive operations, reflected in a relatively high collection period 125 days in FY26 (PY: 135 days). The competitive and fragmented nature of the infrastructure consultancy and engineering, procurement, and construction (EPC) industry exerts pressure on margins. RITES undertakes turnkey projects primarily in the railways and building segment. CareEdge Ratings understands that these projects are executed on a back-to-back sub-contracting basis, with pass-through of performance risk to subcontractors through performance and financial guarantees. In such projects, RITES continues to provide consultancy services and mainly acts as a project management consultant, serving as a single point of contact for clients. Management has articulated that the company does not intend to increase its exposure to state government projects and does not plan to undertake material turnkey projects outside the railways and buildings segments. Any material changes in the business profile impacting collection efficiency and leverage are key rating sensitivities.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Not applicable

Negative factors

- Reduction in shareholding of GoI below 51% or weakening of strategic importance, impacting the company's strong linkages with GoI.
- Significant decline in order book position leading to reduced revenue visibility or increase in share of low-margin orders, leading to decline in profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins below 15% on a sustained basis.
- Increase in collection period beyond 180 days on a sustained basis.

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

Analytical approach: Consolidated

CareEdge Ratings has followed a consolidated view of RITES, as there exist business, financial, and management linkages with the subsidiaries. Ratings also factor in RITES' strategic importance to the GoI, given its 72.20% shareholding and its role as the principal consultancy arm of the Ministry of Railways (MoR). Consolidated entities are mentioned in Annexure-6.

Outlook: Stable

The outlook for RITES is expected to be 'Stable' backed by its strong financial flexibility due to GoI ownership, established track record in niche consultancy segment, low leverage and healthy order book.

Detailed description of key rating drivers:**Key strengths****Significant linkages with GOI**

Incorporated in 1974, RITES is a GoI enterprise and is granted Navratna status since 2013. The company was listed on stock exchanges in 2018, with GoI retaining a majority stake of 72.20% as on March 31, 2026 (PY: 72.20%).

RITES operates as a multidisciplinary consultancy organisation in the transport infrastructure sector and is a key entity through which the MoR undertakes consultancy, engineering, and export of rolling stock and equipment across domestic and international markets. The company benefits from strong operational and strategic linkages with the GoI, particularly MoR, and its established position as a preferred consultancy partner for rail and infrastructure projects. It is led by an experienced management team, supported by functional and independent directors with domain expertise. These linkages are expected to continue supporting order inflows and strategic positioning over the medium term.

Strong and diversified order book

RITES has a robust and diversified order book of ₹9,416 crore as on March 31, 2026 (~3.9x of FY26 operating income), providing healthy medium-term revenue visibility.

The order book is well diversified across segments, with turnkey projects contributing 49%, followed by consultancy (30%), export sales (19%), leasing (2%) and power generation (1%), reducing dependence on single segment. It has a balanced mix of orders secured through competitive bidding (~62%) and nomination basis, supporting ensuring both scale and margin stability. Sectorally, the order book is well spread, with buildings and railways accounting for ~33% and ~25%, respectively, and a meaningful contribution from export orders.

Diversified revenue stream with healthy profitability

RITES reported operating income of ₹2,429 crore in FY26, growing by ~10% year-on-year and has a diversified revenue profile across consultancy, lease, exports, and turnkey segments, providing stability to cash flows and reducing segmental dependence. While the revenue mix has evolved in line with project opportunities, operating profitability remained strong, supported by a presence in high-margin consultancy assignments. Operating margins peaked at 30.23% in FY23 and, moderated to 23.48% in FY26 (FY25: 23.45%) due to a higher share of revenue contribution from low-margin turnkey projects and decline in operating margins in consultancy assignments due to shift towards competitive bidding. Sustained profitability reflects strong execution capabilities, established client relationships, and positioning in technically complex projects. CareEdge Ratings anticipates operating profitability to remain stable in the near-to-medium term, despite with moderate pressure from competitive intensity.

Low leverage and strong liquidity

RITES continues to maintain a strong financial profile, remaining virtually debt-free, with only lease liabilities of ₹7 crore and interest-free mobilisation advances of ₹263 crore as on March 31, 2026. Liquidity remains robust, supported by nil fund-based bank borrowings and sizeable free cash and bank balances of ₹897 crore, providing a significant cushion for growth and contingencies.

The capital structure remains comfortable, with overall gearing (including mobilisation advances) at 0.10x as on March 31, 2026 (PY: 0.11x). On an adjusted basis (excluding mobilisation advances), gearing remains negligible at 0.00x. The total outside liabilities to total net worth (TOL/TNW) also improved to 1.13x as on March 31, 2026 (PY: 1.23x), while adjusted TOL (net of cash and bank balances) remained negative, reflecting the strong cash and bank balances position.

Debt protection metrics remain strong, due to minimal reliance on debt.

Key weaknesses**Working capital-intensive operations**

The company's operations remain working capital intensive, with gross current assets (GCA) days improving but remaining elevated at 227 days as on March 31, 2026 (PY: 245 days). This is primarily due to the inherently long receivable cycle of ~120–150 days in the EPC/turnkey and export segments.

The stretched receivable cycle continues to exert pressure on liquidity. While the company benefits from sizeable interest-free customer deposits and adequate liquidity buffers, working capital intensity remains structurally high given the nature of operations. Trade receivables outstanding for over six months stood at ₹317 crore as on March 31, 2026, accounting for 11.31% of TNW. These receivables are largely related to central and state government undertakings, with management expecting recovery over the medium term. The company has articulated a cap on bidding for state government projects, which is expected to limit a material build-up of such receivables going forward.

Working capital intensity is expected to remain elevated over the medium term, despite supported by liquidity buffers and advances from customers.

Inherent challenges associated with the project management consultancy/construction industry

Operations in the project management consultancy (PMC) and construction segments are exposed to inherent industry risks, including execution delays due to regulatory and statutory approvals, dependency on timely client decisions, cost escalations, and competitive bidding intensity.

Delays in execution or cost overruns that are not adequately compensated, and aggressive pricing can impact revenue realisation, cash flows, and profitability. These risks are expected to persist over the near-to-medium term, given the nature of the infrastructure consultancy and EPC segments.

Exposure to foreign exchange risk

RITES remains exposed to foreign exchange fluctuation risk, particularly from export of rolling stock and international consultancy projects.

Adverse currency movements could impact revenue realisation and profitability, especially in the absence of adequate hedging mechanisms or natural hedges. Foreign exchange risk is expected to remain, although partially mitigated by diversification across geographies and contractual pass-through mechanisms, where applicable.

Liquidity: Strong

The liquidity position of the company remains strong, characterised by substantial free cash and bank balances and unencumbered fixed deposits and investments aggregating to ₹3,214 crore as on March 31, 2026 (including client funds of ₹2,317 crore and free cash balance of ₹897 crore). The liquidity profile is further supported by healthy cash accruals from operations. The company has no fund-based borrowings from banks and provides adequate financial flexibility to meet its operational requirements and growth plans.

Assumptions/Covenants

Not applicable

Environment, social, and governance (ESG) risks

ESG factors affecting the sector include environmental aspects such as material selection, power consumption, carbon emissions, method of construction, waste management; social aspects such as workmen safety, community impact and accessibility, and governance aspects such as stakeholder engagement, supply chain management and business ethics. CareEdge Ratings expects RITES' commitment to ESG will support its credit profile. Highlights of the impact of company's key ESG initiatives are as follows:

Environment:

- RITES scaled up the deployment of rooftop solar systems across regional offices. Newly commissioned offices were equipped with energy-efficient lighting, HVAC systems, and real-time monitoring infrastructure.
- Company advanced its efforts to measure, manage, and mitigate greenhouse gas (GHG) emissions across direct and indirect sources.
- The company expanded rainwater harvesting systems at multiple locations and deployed water-efficient plumbing systems across newly renovated spaces.

Social:

- RITES continued with its program for promotion of health and nutrition, and the advancement of social, economic, and environmental well-being under its CSR programme.

Governance:

- RITES follows established processes for internal and external audits, maintains a code of conduct, and has a formal whistle-blower mechanism to ensure transparency and accountability.
- RITES Board comprises functional and independent directors with relevant domain expertise, supporting effective decision-making and oversight.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Factoring Linkages Government Support](#)

[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

Incorporated on April 26, 1974, RITES is a Navratna Central Public Sector Enterprise (CPSE) under the MoR, GoI. The company was established to provide technical and consultancy services to Indian Railways and has since evolved into a leading multidisciplinary engineering and consultancy organisation in the transport infrastructure domain. GoI is the majority shareholder holding 72.20%, with LIC holding 5.52% stake in the company. Its clientele primarily includes central/state government departments, public sector undertakings (PSUs), and large institutional clients, both in India and overseas.

Brief Financials (₹ crore) - Consolidated	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	2,199.04	2,428.66
PBILDT*	515.76	570.36
Profit after tax (PAT)	423.66	454.44
Overall gearing (x)	0.11	0.10
Interest coverage (x)	88.92	150.09

A: Audited; 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
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	3555.00	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 2026-2027	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
1	Non-fund-based - LT/ ST-BG/LC	LT/ST	3555.00	CARE AAA; Stable / CARE A1+				

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	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Rites (Afrika) (Pty) Limited	Full	Subsidiary
2	REMC Limited	Full	Subsidiary
3	Sail Rites Bengal Wagon Industry Private Limited	Proportionate	Joint Venture
4	Indian Railway Stations Development Corporation Limited	Proportionate	Joint Venture
5	Elicius Energy Private Limited	Proportionate	Associate
6	Metro Management Group Ltd.	Proportionate	Associate
7	Geoconsult – RITES	Proportionate	Joint Operations
8	Geoconsult – RITES, NRT-1	Proportionate	Joint Operations
9	Geoconsult ZT GmbH – RITES	Proportionate	Joint Operations
10	Geoconsult-RITES (JV)	Proportionate	Joint Operations

Annexure-7: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026 to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments ²
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	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 Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
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 @

* 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 the rating reports subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

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

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.

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

Note: For facilities / 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.

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.

²SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

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