

November 25, 2025

## Konkan Railway Corporation Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debenture	600.0	600.0	[ICRA]AAA(CE) (Stable); reaffirmed
<b>Total</b>	<b>600.0</b>	<b>600.0</b>	

\*Instrument details are provided in Annexure-I

Rating without explicit credit enhancement	[ICRA]AA
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\*Instrument details are provided in Annexure-I

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement

### Rationale

The rating for the non-convertible debenture (NCD) programme of Konkan Railway Corporation Limited (KRCL) is based on the strength of the Letter of Comfort (LoC) issued by the Ministry of Railways (MoR), Government of India (GoI). The rating draws comfort as KRCL is a key implementation agency for executing complex projects under the Indian Railways and the majority shareholding (as on March 31, 2025) by the GoI through the MoR in the company (62.44% ownership). The remaining stake is held by the governments of Maharashtra (16.86%), Karnataka (11.50%), Goa (4.60%) and Kerala (4.60%). The Stable outlook on this rating reflects ICRA's outlook on the rating of the support provider, MoR, GoI.

### Adequacy of credit enhancement (CE)

For rating the NCD programme, ICRA has assessed the attributes of the LoC provided by the MoR. The LoC has a well-defined payment mechanism to ensure timely support for servicing of the rated NCDs. ICRA has taken the credit enhancement from the LoC into consideration and assigned a rating of [ICRA]AAA(CE) to the said instrument against the rating of [ICRA]AA without explicit credit enhancement. In case the unsupported rating of KRCL undergoes a change in future, the same would have a bearing on the rating of the aforesaid instrument as well.

### Salient covenants of the rated facility

The bonds are secured by way of first pari-passu charge on the specific assets, except the debt on the company's book, with minimum asset coverage of 1.25 times of the aggregate face value of the bonds outstanding at all times.

ICRA has taken note of the debt service coverage ratio (DSCR) covenant breach, which is to be maintained at 1.25 times. During FY2025 and H1 FY2026, the DSCR was less than 1.25 times (FY2025: 0.41 times and H1 FY2026: 0.63 times), due to the high repayment burden. Nevertheless, there has been no action by bondholders in terms of debt acceleration or levy of any penalties, which was also confirmed by the debenture trustee. The company, however, has adequate liquidity on its books to meet any potential short-term financial exigencies, if any.

## Key rating drivers and their description

### Credit strengths

**LoC from the MoR** – The NCDs are backed by an LoC from MoR, GoI. The ministry has given an undertaking to make funds available to KRCL, if required, to ensure timely payment of KRCL's debt obligations under the NCD issue. In the past, the MoR has provided financial support to KRCL in the form of loans and by enabling KRCL to raise funds from the market at competitive rates by providing LoC on the debt raised.

**Well-defined payment mechanism** – The NCDs have a well-defined payment mechanism to ensure timely payment on the rated NCDs. The transaction structure ensures that the NCDs effectively carry the credit risk of MoR. There is a demonstrated track record of adhering to the payment mechanism.

**Strong promoter group** – The rating draws comfort from the majority shareholding of the GoI in KRCL (62.44% ownership; as on March 31, 2025). The remaining stake is being held by the governments of Maharashtra (16.86%), Karnataka (11.50%), Goa (4.60%) and Kerala (4.60%). The Board of Directors includes nominees from the Railway Board and Principal Secretaries of Karnataka and Kerala.

### Credit challenges

**Exposed to debt refinancing risk** – The company is exposed to refinancing risk as a sizeable proportion of NCD debt, i.e. Rs. 250 crore and Rs. 350 crore falls due for repayment in FY2026 and FY2027, respectively. However, ICRA has taken comfort from the strong financial flexibility enjoyed by KRCL, as a GoI entity, which is evident from its demonstrated track record of timely debt refinancing at competitive rates. ICRA understands that the company has cash balances and liquid investments of ~Rs. 2,278 crore as on March 31, 2025, which has certain liabilities against it. Thus, KRCL's free cash balances and liquid investments stand at ~Rs. 1,200 crore, which can be utilised to service the debt, if need arises.

### Liquidity position

#### For the guarantor (Ministry of Railways, Government of India): Superior

The liquidity profile of the LoC provider is Superior. The NCDs have a defined payment mechanism covering the repayment obligations to NCD holders.

#### For the entity: Strong

The company has a Strong liquidity position, with cash balances and liquid investments of ~Rs. 2,278 crore as on March 31, 2025, which has certain liabilities against it. Thus, KRCL's free cash balances and liquid investments stand at ~Rs. 1,200 crore. It has Rs. 115 crore of long-term debt repayments in FY2026, which can be comfortably serviced from its operational cash flows.

### Rating sensitivities

**Positive factors** – Not applicable

**Negative factors** – The rating assigned to the NCD programme would remain sensitive to any form of non-adherence to the NCD structure. Pressure on the rating could emerge if there is a significant deterioration in KRCL's credit profile or any weakening of linkages of KRCL with the Ministry of Railways, GoI.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Construction</a> <a href="#">Rating Approach - Project Finance</a>
Parent/Group support	Parent/Group Company: Ministry of Railways, Government of India  For arriving at the ratings, ICRA has taken into account, inter alia, the LoC provided by the MoR to ensure timely payment of KRCL's debt obligations for the rated NCDs
Consolidation/Standalone	Standalone

## About the company

Incorporated in July 1990 as a public limited company, KRCL undertook the construction and operation of the Konkan Railway, a broad-gauge 761-km railway line along the west coast of India, connecting Roha (near Mumbai) in the North to Mangalore in the South. KRCL was formed following an agreement between the GoI (through the MoR) and the state governments of Maharashtra, Goa, Karnataka and Kerala. The project was completed in December 1997 at a total cost of Rs. 3,550 crore. At present, its primary activities consist of managing operations of the Konkan Railway line and undertaking construction of various railway projects awarded by the MoR, of which the construction of the Katra Dharam section of the Udhampur-Srinagar-Baramulla rail project in Jammu & Kashmir was one of the most significant. It also undertakes consultancy projects related to railways across India. Historically, 60-65% of the operating revenue has been contributed by the project division, while the balance is from the traffic division (passenger and freight services).

## Key financial indicators (audited)

Standalone	FY2024	FY2025	H1 FY2026*
Operating income (Rs. crore)	4,490.9	4,018.2	1231.4
PAT (Rs. crore)	329.3	137.7	-15.2
OPBDIT/OI (%)	12.3%	9.5%	6.5%
PAT/OI (%)	7.3%	3.4%	-1.2%
Total outside liabilities/Tangible net worth (times)	3.7	3.4	3.2
Total debt/OPBDIT (times)	7.1	7.8	18.2
Interest coverage (times)	2.0	1.4	0.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; \*Provisional

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. Crore)	Nov 25, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
NCD	Long-term	600.0	[ICRA]AAA(CE) (Stable)	Nov 27, 2024	[ICRA]AAA(CE) (Stable)	Nov 29, 2023	[ICRA]AAA(CE) (Stable)	Nov 29, 2022	[ICRA]AAA(CE) (Stable)
NCD	Long-term	-	-	Nov 27, 2024	[ICRA]AAA(CE) (Stable); withdrawn	Nov 29, 2023	[ICRA]AAA(CE) (Stable)	Nov 29, 2022	[ICRA]AAA(CE) (Stable)

## Complexity level of the rated instruments

Instrument	Complexity indicator
Non-convertible debenture	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

#### Annexure I: Instrument details

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
INE139F07089	NCD	March 30, 2016	8.50%	March 30, 2026	250.0	[ICRA]AAA(CE) (Stable)
INE139F07097	NCD	April 29, 2016	8.30%	April 29, 2026	50.0	[ICRA]AAA(CE) (Stable)
INE139F07105	NCD	September 22, 2016	7.65%	September 22, 2026	300.0	[ICRA]AAA(CE) (Stable)

Source: Company

#### Annexure II: List of entities considered for consolidated analysis – Not applicable

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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