February 17, 2026

Railtel Corporation of India Ltd.: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short –term – Non-fund based limits	926.0	1775.0	[ICRA]AA (Stable)/ [ICRA] A1+; Reaffirmed
Long-term – Fund-based limits – Cash credit	21.0	35.0	[ICRA]AA (Stable); Reaffirmed
Long-term – Interchangeable#	(28.0)	(17.0)	[ICRA]AA (Stable); Reaffirmed
Long-term/Short –term – Unallocated limits	1053.0	190.0	[ICRA]AA (Stable)/ [ICRA] A1+; Reaffirmed
Total	**2000.0**	**2000.0**	

**Instrument details are provided in Annexure I; #Fund-based limits are a sublimit of Non-fund based limits*

Rationale

The reaffirmation of ratings considers Railtel's long track record (over 20 years) of operations in the telecom infrastructure space. The company owns more than 62,000 km of optical fibre network to provide long-distance services, including internet and passive infrastructure services, across the country. In addition, it has executed critical projects of national importance such as BharatNet, National Knowledge Network (NKN) and railway signalling, among others.

The ratings continue to factor in Railtel's strong parentage, with the majority ownership by the Government of India (GoI) under the Ministry of Railways (MoR). This strong parentage enables the company to execute all connectivity-related projects of the Indian Railways and secure business from other public-sector undertakings (PSUs). Despite the Indian Railways' policy shift towards open tenders involving private parties, its order procurement remains healthy. It enjoys a favourable position in the market, with a well-established network infrastructure and a strong presence in the railway business.

The ratings factor in the healthy growth in the operating income (OI) and the sustenance of its strong financial risk profile, supported by zero debt and a healthy liquidity position. ICRA expects the company to continue demonstrating significant growth in OI, aided by its robust order book position of ~Rs. 8,600 crore as of January 2026.

ICRA continues to consider Railtel's strong liquidity position, bolstered by its sizeable cash and liquid investments (including fixed deposits) of ~Rs. 319 crore as on September 30, 2025. The cash balance is expected to improve by year-end, with the company stepping up collection efforts. Further, Railtel maintains healthy financial flexibility with a conservative capital structure.

The ratings, however, are constrained by the expected moderation in the company's operating profit margins (OPM) due to a growing proportion of the project segment which has lower margins compared to telecom segment. However, its cash flow generation is anticipated to remain healthy, translating into a comfortable credit profile. Its operations in the telecom segment are still exposed to intense competition and network expansion by other telecom operators, where growth prospects are moderate. Similarly, revenue generation from the project business is exposed to lumpiness as well as intense competition. The ratings also factor in the company's obligations to pay dividends to the GoI, which might impact its liquidity position.

Although a majority of the counterparties are the GoI-held entities, a sizeable proportion of the same has back-to-back arrangements with subcontractors, and a significant portion has a favourable ageing profile.

The Stable outlook on the rating reflects ICRA's expectation that Railtel will likely sustain its OI growth, supported by a strong order book position, even as margins have moderated in the last few fiscals, keeping overall credit profile comfortable.

Key rating drivers and their description

Credit strengths

Strong parentage; majority ownership by the GoI – Railtel is a Navratna PSU, primarily held by the GoI through the MoR. By virtue of its ownership and strategic importance to the GoI, the company benefits by becoming eligible for certain contracts with other public sector entities.

Established track record in telecom infrastructure space with extensive network of optic fibre cable (OFC) across India – Railtel was incorporated in 2000 to provide telecom-related services to the Indian Railways. It has since expanded its footprint and is now offering telecom infrastructure and other related services to a large number of public sector enterprises, along with private players. The company has an exclusive RoW to lay fibre to provide telecom services along the railway tracks. Additionally, Railtel has expanded its nationwide network and owns a fibre network of over 62,000 km.

Diversified revenue streams and strong order book position – The company operates across two major segments – telecom and projects. Within the telecom segment, the revenue streams are diversified into national long distance [NLD; 18% of OI in FY2025], internet service provider (ISP; 13%) and infrastructure provider category-1 (IP-1) services (8%). The project segment contributed ~59% to the total revenue from operations in FY2025, which is expected to increase going forward. Railtel's order book position as of January 2026 stood at ~Rs. 8,600 crore, indicating healthy revenue visibility going forward.

Strong financial flexibility with no debt and healthy cash levels – In the absence of external debt and availability of healthy free cash balances of ~Rs. 319 crore as on September 30, 2025. The cash balance is expected to improve by year-end, with the company stepping up collection efforts. Railtel enjoys strong financial flexibility, translating into a robust liquidity position. Moreover, it benefits from low working capital requirements, as the projects are supported by sizeable advances and back-to-back arrangements with subcontractors.

Credit challenges

Operating margins to moderate with increasing proportion of project business – The company's operating profitability has been consistently declining due to the increasing proportion of less profitable projects. The OPM dropped to 15.3% in FY2025 from 18.1% in FY2024. This decline is attributed to the increased proportion of project revenues and competitive pressures in various segments. The declining trend in margins is expected to continue, as the proportion of the project business in the OI is likely to increase further even as Railtel is becoming selective in choosing orders with a certain level of profitability.

Intense competition from established players – The company encounters significant competition from established players in the telecom business. However, it benefits from its strong parentage, in terms of order inflow and network along the railway tracks. The telcos have a deeply penetrated network, resulting in Railtel's telecom segment witnessing strong competition.

Elevated receivables – The receivable cycle remains elevated due to the nature of projects and some payment delays from customers. Although the company's receivable is elevated, its working capital intensity continues to be negative/very low, as a majority of such receivables are backed with subcontractors' liability, along with the receipt of customer advances.

Liquidity position: Strong

The liquidity remains strong, supported by healthy cash accruals, zero debt position and sizeable cash and cash equivalents (including fixed deposits) of ~Rs. 319 crore as on September 30, 2025 and low working capital requirements. This is further supported by unutilised fund-based limits.

Rating sensitivities

Positive factors – The ratings can be upgraded if Railtel continues to demonstrate strong revenue growth with healthy profitability, coupled with the sustenance of a comfortable liquidity profile and material improvement in the receivable position.

Negative factors – The ratings can be revised downwards if there is a considerable revenue generation decline, a material reduction in profit margins, or significant stretching of receivables, resulting in a deterioration in the liquidity position. Further, weakening of linkages with the MoR (GoI) can cause a ratings downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	The ratings derived significant strength from Railtel's strong parentage with ownership from the GoI through the MoR. The entity's strategic importance to the GoI by virtue of its role as a communication services provider for the railways also provides comfort.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of Railtel Corporation of India Limited

About the company

Railtel Corporation of India is a "Mini Ratna (Category-I)" public sector undertaking which owns a pan India optic fibre network to provide broadband and multimedia network in all parts of the country along with modernisation and maintenance of railway network. It was incorporated in 2000 as a schedule-A PSU under the Ministry of Railways (MoR) with the purpose of modernising Railways communication network and to contribute to the goals of National Telecom Policy 1999. At the time of inception, the existing Railways' OFC assets (primarily adjoining the railway track) were transferred to Railtel for commercial operations. Subsequently, it has expanded its network throughout the country to provide bandwidth, IP and ISP services. Starting with catering to the networking needs of MoR, it now offers services to other clientele as well. The company has two main lines of business: telecom services and projects. Within telecom services, it provides lease line services (NLD), internet services (ISP) and passive infrastructure services (IP Category-I). Under projects, the company relies on its expertise in laying and maintaining OFC networks for other entities.

Key financial indicators (audited)

Railtel (standalone)	FY2024	FY2025	H1 FY2026*
Operating income (OI)	2568	3478	1695
PAT	246	300	142
OPBDIT/OI	18.1%	15.3%	15.9%
PAT/OI	9.6%	8.6%	8.4%
Total outside liabilities/Tangible net worth (times)	1.2	1.5	1.4
Total debt/OPBDIT (times)	0.1	0.1	0.1
Interest coverage (times)	60.6	171.5	237.1

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Feb 17, 2026	Date	Rating	Date	Rating	Date	Rating
Non-fund based limits	Long/ Short term	1775.0	[ICRA]AA (Stable)/ [ICRA]A1+	Feb 18, 2025	[ICRA]AA (Stable)/ [ICRA]A1+	Mar 05, 2024	[ICRA]AA (Stable)/ [ICRA]A1+	Feb 21, 2023	[ICRA]AA (Stable)/ [ICRA]A1+
Fund-based limits – Cash credit	Long term	35.0	[ICRA]AA (Stable)	Feb 18, 2025	[ICRA]AA (Stable)	Mar 05, 2024	[ICRA]AA (Stable)	Feb 21, 2023	[ICRA]AA (Stable)
Fund-based limits- Interchangeable*	Long term	(17.0)	[ICRA]AA (Stable)	Feb 18, 2025	[ICRA]AA (Stable)	Mar 05, 2024	[ICRA]AA (Stable)	Feb 21, 2023	[ICRA]AA (Stable)
Unallocated limits	Long/Short term	190.0	[ICRA]AA (Stable)/ [ICRA]A1+	Feb 18, 2025	[ICRA]AA (Stable)/ [ICRA]A1+	Mar 05, 2024	[ICRA]AA (Stable)/ [ICRA]A1+	Feb 21, 2023	[ICRA]AA (Stable)/ [ICRA]A1+

***** *Fund-based limits are a sublimit of Non-fund based limits*

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term – Non-fund based limits	Simple
Long-term – Fund-based limits – Cash credit	Simple
Long-term/Short-term – Unallocated limits	Not applicable
Long-term – Interchangeable#	Simple

#Fund-based limits are a sublimit of Non-fund based limits

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	Coupon ra	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term/Short-term – Non-fund based limits	-	-	-	1775.0	[ICRA]AA (Stable)/ [ICRA]A1+
NA	Long-term – Fund-based limits – Cash credit	-	-	-	35.0	[ICRA]AA (Stable)
NA	Long-term – Interchangeable#	-	-	-	(17.0)	[ICRA]AA (Stable)
NA	Long-term/Short-term – Unallocated limits	-	-	-	190.0	[ICRA]AA (Stable)/ [ICRA]A1+

*Source: Company; *; #Fund-based limits are a sublimit of Non-fund based limits*

[*Please click here to view details of lender-wise facilities rated by ICRA*]

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

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ABOUT ICRA LIMITED

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.

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