

Operator: Good morning, ladies and gentlemen. I am Karthikeyan, the moderator for this conference call. Welcome to the conference call of RITES Limited to discuss its Q4 FY26 and FY26 results. We have with us today Mr. Rahul Mithal, Chairman and Managing Director; Dr. Deepak Tripathi, Director Technical; Mr. Krishna Gopal Agarwal, Director Finance and Chief Financial Officer; and Mr. Prem Singh Meena, Director Projects. At this moment, all participants are in listen-only mode. Later, we will conduct a question and answer session. At that time, if you have a question, please press star and 1 on your telephone keypad. Please note, this conference is being recorded. In the interest of time and fairness to all participants, you are requested to restrict yourselves to 1 question per participant. If time permits, you may join back the question queue. Now, I would like to hand over the floor to Mr. Rahul Mithal, Chairman and Managing Director, RITES Limited. Thank you, and over to you, sir.

Management: Good morning, thank you. Let me start by giving the safe harbor statement. The presentation and the press release which we uploaded on our website and exchanges yesterday, and discussions during the call today, may have some forward-looking statements. These statements consider the environment we see as of today and obviously carry a risk in terms of uncertainty. Because of this, the actual results could be different, and we do not undertake to update those statements periodically.

Let me start by giving you a brief overview of this quarter and the financial year. The most reassuring thing for us is that the performance of this FY was in line with the roadmap and the strategy that we had laid down at the beginning of the FY. We had been watching it and updating it at every quarter. We had aimed for double-digit growth and growth in profit while keeping our margins secure.

We broke the gap of about 2 years in our export income, reaching about 300 crores. This is a very important milestone which we had to achieve. We continued the steady order inflow rate of 1 order a day and 1 export order a quarter. Despite the high execution in Q4 of about 750+ crores, we ended with the highest-ever order book on March 31 of 9,416 crores.

All of these were in line with the roadmap which we had set. It has given us a platform to leverage, and we have been giving guidance for substantial, disruptive growth in the coming FY. What is also reassuring to us is that the last 2-3 years of business re-engineering, followed by a year of consolidation, was aimed at making FY26 a year of growth. That has moved in the direction which we had planned strategically. These are the broad overviews and a bigger picture of the overall performance. We will come to specific numbers as each of you asks specific questions. Thank you.

Operator: Thank you, sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press star and 1 on your telephone keypad. In the interest of time and fairness to all participants, you are requested to restrict yourselves to 1 question per participant. If time permits, you may join back the question queue. Ladies and gentlemen, if you have a question, please press star and 1 on your telephone keypad. We have the first question from the line of Parimal Mithani from Credential Investments. Please go ahead.

Parimal Mithani - Credential Investments: Good morning, sir.

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Management: Morning Parimal, go ahead.

Parimal Mithani – Credential Investments: Sir, am I clearly audible?

Management: Yes, Parimal, I can hear you. Go ahead.

Parimal Mithani – Credential Investments: Sir, I just wanted to know, you have been mentioning "disruptive growth" in your press releases for the last 2 quarters. Can you highlight the reason for this optimism, considering the geopolitical headwinds right now? Also, could you provide a highlight regarding consultancy and how you see that moving forward? Starting with consultancy, sir, it will be really helpful for us.

Management: Yes. The reason we are saying this is that the order book profile has been showing an upward swing if you see the trend of growth in the last 7–8 trailing quarters. There has been a substantial increase, especially in the last 18 months or so. There has been an incremental jump in a big way.

The order book currently stands at 9,400 crores. A substantial portion, more than 50% of it, is very young, which is about 12–18 months old. These are the orders which will start generating revenue in this FY. That is why, in the last quarter of FY26, you saw an increased revenue of approximately 750 crores. Normally, an infrastructure project has a lifespan of 3–4 years, and it is the second and third years where they start generating more revenue.

That gives us confidence across all our streams of revenue that we will start generating revenue, whether it is consultancy, where we get a percentage fee of the infrastructure cost, or turnkey, where we get the entire revenue in our top line. It also applies to our export order book, which reached an all-time high of 1,700+ crores. Despite the 300 crores execution in this last FY, it will generate more revenue because the Bangladesh delivery will also start in this FY.

Parimal Mithani – Credential Investments: Okay, sir. And do we expect to maintain these margins going ahead, which we have maintained for the entire year?

Management: No. As these competitive orders start generating revenue—if you compare the mix of the order book at the end of the financial year on March 31, 63% is competitive. If you count the fresh order inflow, it is about 70%+.

The margins across all our streams on the new orders are much lower. As these new orders generate more revenue in the mix of the total revenue, the margins will definitely go down. However, as we have been giving guidance, the red line of 15% PAT margins and 20% EBITDA margins will not be allowed to be breached. We will suitably monitor the high-margin orders to ensure that.

Parimal Mithani – Credential Investments: Okay, sir. That is all from my side. I will come back later for more questions. Thank you, sir.

Management: Okay, thank you.

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Operator: Thank you. Ladies and gentlemen, if you have a question, please press star and 1 on your telephone keypad. The next question comes from the line of Lakshminarayanan GK from Shema Wealth Private Limited. Please go ahead.

Lakshminarayanan GK – Shema Wealth Private Limited: Sir, are you able to hear me?

Management: Yes, go ahead Lakshminarayanan.

Lakshminarayanan GK – Shema Wealth Private Limited: Sir, could you throw some light on turnkey construction projects? I see the PAT margins are very low for this. I want to understand the nature of this business because I have just started covering the company.

Management: Sure. Let me be clear: we are not a construction company. We are a project management consultancy company. While the order size in a turnkey project is large—and that is why it is a large portion of the order book—our scope of work remains the same.

To explain through an example, let's say our fee is 5%. In a 100 crore project, our fee is 5 crores. In a consultancy mode, the client gives us an order of 5 crores. In a turnkey mode, the client gives us an order of 105 crores, but our scope of work remains the same. Certain clients, like educational institutions and primary building projects, prefer to deal with a single window, so they give us orders on a turnkey mode. Because the denominator is larger in turnkey while our revenue remains the same, the margins appear much lower. It is just a difference in the method of accounting. Our role remains that of a consultant regardless of the mode of the order.

Lakshminarayanan GK – Shema Wealth Private Limited: Understood, sir. Thank you so much.

Management: Thank you.

Operator: Thank you. We have the next question from the line of Dakshika Jainta from AB FinCorp. Please go ahead.

Dakshika Jainta – AB FinCorp: Hi, thank you for the opportunity. I have a couple of questions. Firstly, could you help us with the impact that competitive projects will have on the working capital position of the company? Would it in any way dilute the working capital position, or would it not have an impact?

Management: Ma'am, our working capital requirement is minimal. That is the way we structure all our consultancy orders. There is not really going to be a significant impact because our business model requires very little working capital.

Dakshika Jainta – AB FinCorp: All right. Apart from that, do you see any raw material-related headwinds impacting margins going ahead, besides the minor impact from the competitive portion?

Management: Again, we have about 700+ live consultancy orders that we are executing. Most of the contracts we give for execution have a price variation clause for the agency. Our fee as a consultant is a percentage of the infrastructure cost. In terms of the impact on fuel or raw material costs, we do not see any major risk to our margins or our revenue.

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Dakshika Jainta – AB FinCorp: And there is no execution risk from the same side, right?

Management: Sorry?

Dakshika Jainta – AB FinCorp: Would you expect any execution risk as well?

Management: Not really. We have 13 different verticals and we do not foresee any major risk in any of the sectors in terms of execution. We just have to keep a watch on certain costs like travel, because as a consultant with 700+ live projects, travel is an important expense for our domestic and international operations. That is the only element we must monitor closely to maintain our margins.

Dakshika Jainta – AB FinCorp: All right. Thank you so much for the answers.

Management: Thank you, ma'am.

Operator: Thank you. Ladies and gentlemen, if you have a question, please press star and 1 on your telephone keypad. We request participants to restrict yourselves to 1 question and join back the queue for more questions. The next question comes from the line of Viraj Mithai from Jupiter Financial. Please go ahead.

Viraj Mithai – Jupiter Financial: Good morning, sir. My question is regarding other expenses. They have gone up in this quarter and year. What is the reason for that?

Management: Which specific figure are you referring to?

Viraj Mithai – Jupiter Financial: Other expenses during the quarter in the numbers.

Management: I see. Basically, there are two major contributions to these other expenses. One is that we moved 10 locomotives to Mozambique, including 6 in the last quarter. The logistics for this movement is an important element. Similarly, we have the warranty provisions we make. These two elements are related to the execution of our export order. Since the entire 10-locomotive order was executed in this FY, we have seen a year-over-year increase in comparison.

Viraj Mithai – Jupiter Financial: Hello?

Management: Yes. Could you hear me?

Viraj Mithai – Jupiter Financial: No, you were breaking. I could not hear your explanation on the year-over-year comparison.

Management: Yes. I said that because the entire 10-locomotive Mozambique export order was executed in this year, those two elements saw an increase year-over-year.

Viraj Mithai – Jupiter Financial: Okay. Will this be a consistent feature going forward, or will these expenses taper down this year?

Management: Because the execution of export orders will be much higher this year, there will be a slight increase. However, the major quantum of export contribution this year will be primarily from

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the Bangladesh order, which will have lower logistics costs because it moves by rail. To that extent, it may be neutralized and the increase will not be substantial, even though there will be an increase in total export revenue.

Viraj Mithai – Jupiter Financial: And sir, since...

Operator: Sorry to interrupt. Please join back the queue, sir.

Viraj Mithai – Jupiter Financial: Okay, I will do that.

Operator: Thank you. The next question is from the line of Harshit Kapadia from Elara Securities. Please go ahead.

Harshit Kapadia – Elara Securities: Hi. Congratulations, sir, on good numbers in terms of revenue. I have a few questions. On consultancy, can you give the breakup between quality assurance and other consultancy, because it was flat in this quarter? That is my first question.

Management: Morning Harshit, thank you. Overall consultancy has seen year-over-year growth of 6%. This has been a year of redemption for us in our Quality Assurance (QA) vertical. When competition in the QA sector for the railway business started hitting us in FY24, we reinvented the entire business flow. There has been a 16% increase in our QA business. Overall, the contribution of QA has come back to the same levels it was at the beginning of FY24.

Harshit Kapadia – Elara Securities: That would be about 70-odd crores, sir?

Management: No, it is much more. It has different elements and is interspersed across various consultancy verticals. It is difficult to give a separate head-wise breakup because our total consultancy revenue of 1,185 crores comes from 13 different verticals. However, we have come back to the same levels we were at previously in terms of revenue contribution, even with tighter margins.

Harshit Kapadia – Elara Securities: So we are back to FY24 numbers. Okay, great.

Management: We are back to FY24 numbers in terms of revenue, but with a key variation: because of the diversification of our QA business, the non-Indian Railways element is now roughly 60%+. Previously, the Indian Railways element was about 55%.

Harshit Kapadia – Elara Securities: Okay. I have a few more questions and will join back in the queue. Thank you.

Operator: Thank you. The next question comes from Vishal Periwal from PL Capital. Please go ahead.

Vishal Periwal – PL Capital: Yes, sir. Thank you for the opportunity. First, in terms of our exports, can you give some color on how the execution of the pending order book will look? For example, the Mozambique order is supplied. What is pending for Bangladesh and can you provide context there?

Management: Yes. With the execution of the Mozambique order, we have a 1,750 crore export order balance. One of the key elements of this is the 200 coaches for Bangladesh. They are fully on track. We are trying to send the first rake of 20 coaches. The prototypes have been approved and final production has started; they are in the finishing stage.

The first rake should go in about 1 to 2 months. Once the first rake goes, we should be able to maximize delivery with gaps of at least 3 to 4 rakes in this FY. Production rates will increase after the delivery of the first rake. This is the main contributor to export rolling stock revenue this FY.

Besides that, as I indicated last quarter, we have a very important developmental exercise where we are converting in-service diesel locomotives from Indian Railways to Cape Gauge for export to African countries. The prototypes for the first 2 locomotives are ready and we should be able to push them out in the coming months. Once the first 2 go, the opportunity for sending more increases. We have an order for about 30 of these in-service locomotives.

Vishal Periwal – PL Capital: Okay, sir. Just for quantification—of the 1,700-odd crore order book, what level of execution can one see in FY27?

Management: We did about 300 crores in FY26. We are definitely aiming for levels well above that. It is premature to peg an exact number, but I can safely say that once the first rake moves out—following the prototype approval which happened this month—it will give a clearer picture. Each rake consists of 20 coaches, and there are 200 coaches to be sent. In the next 2 to 3 months, we will have better clarity on the exact number of rakes we can send this FY. By the end of Q1, I will be able to give a clearer number regarding growth compared to the 300 crores, but it will definitely be much higher.

Vishal Periwal – PL Capital: Okay, sure. I will come back in the queue.

Operator: Thank you. We have a follow-up question from Viraj Mithai from Jupiter Financial. Please go ahead.

Viraj Mithai – Jupiter Financial: Yes, sir. Since a good amount of orders will be executed in these 2 years, what should be the earnings trajectory of Rites? Can you give us some color on that?

Management: As an ambitious target for this FY, we are pitching to break our all-time high revenue record. However, as you would appreciate, the related EBITDA in the years when those records were set was much higher compared to now. The blend will also be different this year, with turnkey starting to contribute more, which has lower margins. While we aspire to break the all-time high revenue record in this FY, profits will likely not break all-time records. It may take at least 2 to 3 years to break those profit records because revenue will have to grow substantially higher given the lower margins. That gives you a bigger picture for the next 2-to-3-year timeframe.

Viraj Mithai – Jupiter Financial: Net profit was 633 crores at the all-time high. Are you...

Management: I believe the all-time high consolidated profit was 571 crores.

Viraj Mithai – Jupiter Financial: Okay. So it will take time to break that because of competition.

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Management: Yes, and because of the margin mix in the total revenue. While revenue will try and cross the all-time high, profits will not cross the all-time high this FY.

Viraj Mithai – Jupiter Financial: But will the profit grow by some 10–20%? Would that also be difficult for the company to maintain?

Management: Profits will grow. It is too premature to give an exact number, but profits will grow.

Viraj Mithai – Jupiter Financial: Okay. Thank you and all the best.

Management: Thank you.

Operator: Thank you. The next is a follow-up question from Parimal Mithani from Credential Investments. Please go ahead.

Parimal Mithani – Credential Investments: Hi, can you hear me?

Management: Yes, go ahead Parimal.

Parimal Mithani – Credential Investments: Regarding your REMCL business, we reached around 163 crores of revenue and profit close to 90 crores. How do you see this business moving forward as the government tries to reduce diesel consumption? Do you think this business will gain more traction?

Management: REMCL has grown by 16% and profits have grown by 19%. Total revenue was 163 crores and profit was 90 crores. It gave a substantial dividend to us of about 42 crores. Since electrification has reached nearly 100% on the Indian Railway system, the growth in consultancy revenue from power purchases will be limited to traffic volume growth on the network.

To chart further growth, REMCL has started taking other consultancy orders in the renewable energy business from different clients and is pitching for international orders. In the coming FY, besides steady growth from Indian Railways, we see REMCL getting revenue from these 2 new streams. We are sure we will get our first international consultancy order for REMCL in this FY.

Parimal Mithani – Credential Investments: Okay, sir. And a second question if I can ask...

Management: I will request that you join back in the queue, Parimal. Thank you.

Operator: Thank you. The next is a follow-up question from Harshit Kapadia from Elara Securities. Please go ahead.

Harshit Kapadia – Elara Securities: Thanks for the opportunity again. On the macro side, I wanted to understand that while there has been a rise in the railway budget, there is talk that capex might come down if the government wants to ensure healthy country spending. Do you think there would be delays in railway contracts or infrastructure capex, or do you get the sense that work will continue even if the second half is better than the first?

Management: Our assessment of our order book and the opportunities we are getting across various domains is that each has a substantial contribution in the government's capex budget. I do

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not see a major impact on our consultancy, whether it is for fresh orders or the progress of construction.

Since our fee as a consultant is based on milestone progress, the striking rate for fresh orders and execution is not going down. In the last 1.5 months, we have received fresh orders across railways, various PSUs, private sidings, highways, ports, bridges, and airports. We received a large order for airport consultancy and another for a shipbuilding cluster. I do not see our strike rate for fresh orders or execution slowing down. If execution is progressing at a normal pace, our related milestone fees continue to come in at a regular rate.

Harshit Kapadia – Elara Securities: Understood, sir. Very well explained. Thank you.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, if you have a question, please press star and 1 on your telephone keypad. We have a follow-up question from Parimal Mithani from Credential Investments. Please go ahead.

Parimal Mithani – Credential Investments: Hello, sir. My previous colleague answered the questions for me. Thank you so much.

Management: Thank you.

Operator: Thank you. The next is a follow-up question from Harshit Kapadia from Elara Securities. Please go ahead.

Harshit Kapadia – Elara Securities: Thanks for the question again, sir. On the turnkey projects, we have still not reached last year's number. When do you think we will be able to reach those levels? Could you provide a status on those projects? Are they reaching the milestone phase now, or is that some time away?

Management: Yes, Harshit. Turnkey revenue was lower by about 200 crores. A substantial portion of our 4,580 crore turnkey order book is at a young stage, within a 1-to-2-year window. This is the time when contracts are in place and execution has started. In the next 1 to 3 quarters, they will start generating substantial revenue.

Nearly 2/3 of the turnkey order book is young. Considering a 3-to-4-year span for these projects, the time they really start generating revenue is from the second year onwards. Many of our projects—like IITs, IIMs, and the building vertical—along with rail infra siding projects, will start generating revenue this FY. Based on our projections for each of these large projects, we expect to return to the turnkey revenue levels of last year.

Harshit Kapadia – Elara Securities: Understood, sir. Fair enough. Wishing you all the best. Thank you.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, if you have a question, please press star and 1 on your telephone keypad. As there are no further questions, I would like to hand over the call to the

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management for their closing comments.

Management: Thank you. As I said at the outset, the foundation for a growth year building up on FY26 performance has already been created, as seen from our numbers and order book breakup. One of the strongest signals from the results was not just the rise in revenue and profits, but the underlying growth emerging from high-margin elements: consultancy, leasing reaching an all-time high, and exports.

All 3 streams contributed to top-line and bottom-line growth. This FY, as these segments grow and turnkey contributes further, our key focus will be to maintain a mix of higher-margin projects and turnkey projects. This ensures we grow the top line while securing our PAT and EBITDA margins according to our guidance. We are confident we will grow this FY and will continue our model of rewarding shareholders with a high dividend payout ratio. Thank you very much.

Operator: Thank you, sir. Thank you all for being part of this conference call. If you need any further assistance, information, or clarification, please email at investors@rites.com. Ladies and gentlemen, this concludes your conference for today. Thank you.

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