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То	То
Listing Department,	Corporate Relationship Department,
National Stock Exchange of India Limited,	BSE Limited, Rotunda Building,
'Exchange Plaza', C-1, Block G, Bandra - Kurla Complex, Bandra (E),	P J Towers, Dalal Street, Fort, Mumbai - 400 001
Mumbai - 400 051	Wallibar - 400 001
Scrip Code- RITES	Scrip Code- 541556

<u>Sub: Outcome of investors/analysts meet - Transcript of the Conference Call held to</u> discuss Financial Results for quarter and half year ended 30th September, 2022

Ref: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015

Sir/Ma'am,

Please find enclosed herewith Transcript of the Conference call with analysts and investors held on Friday, November 11, 2022 to discuss the Financial Results of the Company for the quarter and half year ended 30th September, 2022.

You are requested to take this information on record.

Thanking You,

Yours faithfully, For RITES Limited

JOSHIT RANJAN SIKIDAR

Digitally signed by JOSHIT RANJAN SIKIDAR Date: 2022.11.18 17:36:14 +05'30'

Joshit Ranjan Sikidar Company Secretary & Compliance Officer Membership No.: A32442

Transforming to GREEN

कॉर्पोरेट कार्यालयः शिखर, प्लॉट नं. 1, सेक्टर—29, गुरूग्राम—122 001 (भारत), Corporate Office: Shikhar, Plot No.1, Sector-29, Gurugram-122 001 (INDIA) पंजीकृत कार्यालयः स्कोप मीनार, लक्ष्मी नगर, दिल्ली—110 092 (भारत), Registered Office: SCOPE Minar, Laxmi Nagar, Delhi- 110 092 (INDIA) दूरमाष (Tel.): (0124) 2571666, फैक्स (Fax): (0124) 2571660, ई.मेल (E-mail) info@rites.com वेबसाइट (Website): www.rites.com



"RITES Limited Q2 FY2023 & H1FY2023 Results Conference Call"

November 11, 2022







ANALYST: MR. HARSHIT KAPADIA - ELARA SECURITIES PRIVATE

LIMITED

MANAGEMENT: SHRI RAHUL MITHAL - CHAIRMAN & MANAGING

DIRECTOR – RITES LIMITED

SHRI BIBHU PRASAD NAYAK - DIRECTOR, FINANCE -

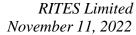
RITES LIMITED

SHRI AK SINGH - DIRECTOR, PROJECTS - RITES

LIMITED

SHRI JOSHIT SIKIDAR - COMPANY SECRETARY - RITES

LIMITED





Moderator:

Good morning, ladies, and gentlemen. Welcome to the RITES Limited Q2 FY2023 Results Conference Call hosted by Elara Securities Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. If you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Harshit Kapadia from Elara Securities Private Limited. Thank you, and over to you, sir.

Harshit Kapadia:

Thank you, Luzon. Good morning, everyone. On behalf of Elara Securities, we welcome you all for the Q2 FY2023 and H1 FY2023 Conference Call of RITES Limited.

I take this opportunity to welcome the management of RITES Limited, represented by Shri Rahul Mithal, Chairman and Managing Director; Shri BP Nayak, Director Finance; Shri AK Singh, Director Projects; and Shri Joshit Sikidar, Company Secretary. We will begin the call with a brief overview by the management, followed by a Q&A session.

I will now hand over the call to Rahul sir for his opening remarks. Over to you, sir.

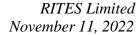
Rahul Mithal:

Good morning, everybody, and welcome to the call. I will begin with the safe harbor statement. The presentation, which we uploaded on our website yesterday and discussions during the call today may have some forward-looking statements. These statements are considering the environment we see as of today and obviously carry a risk in terms of uncertainty because of which the actual results could be different, and we do not undertake to update those statements periodically.

Let me begin with a few opening comments. The Q2 results were as per our projections and our outlook that we started the financial year with. We saw a good sequential growth and there was a good growth vis-à-vis H1 of last year. There was a challenge in terms of the dip in the export revenue because as we had said earlier, the balance part of the export orders were evening out and efforts for new orders were in the pipeline.

However, with combined efforts of all our verticals, we made good that shortfall by increased turnkey revenue as well as maintain the margin, which was a tough challenge by concentrating on key consultancy, high-margin areas.

So, all in all, it has been a good growth both sequentially as well as year-on-year, and it reiterates the belief in our core strength that even if one particular stream of revenue dips temporarily in one quarter, we have the wherewithal and the inherent strength to be able to





make up both the top line and bottom line from our other streams of revenue. With those opening remarks, I leave the floor open for all questions.

Moderator:

Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Pujan Shah from Cogruence Advisers.

Pujan Shah:

My first question would be on the order books. So, if we see the order book currently, we areat Rs. 5000 crores, and if we see the Q2, we have been at Rs. 5200 crores. It must be said that it realized something on the order book. But as the Capex of the railways going on, so where do we stand on the exit point if you can tell us, and the second is which specific segment will start contributing more on the order book side, as we are saying the turnkey would be a better project mix, but also consultancy is going up this trend. So how has been going so far, so this is my first question.

Rahul Mithal:

As you correctly said, our current order book is Rs. 5000 crores with the broad breakup of consultancy about Rs. 2400 crore, Turnkey about Rs. 2000 crore. The balance export from the current orders is 300 crores. leasing and subsidiaries total up to balance about Rs. 300 crores.

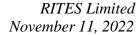
With this broad breakup, as I mentioned in my opening comments, going forward in these 2 quarters, the balance export would definitely get over and we are making all efforts to try and get the next export order as soon as possible to minimize the gap in the coming quarters from revenue realization from the export of rolling stock stream. Having said that, as we did in Q2, we have a strong order book in Turnkey also, and we are aiming for Turnkey projects so that we are able to tackle the shortfall in one stream from increased revenue on the Turnkey stream.

Pujan Shah:

But the question was majority is moving out to see completing the export, and Turnkey would be contributing more of the size. So are we seeing the margin going somewhere, some dips in the margins because Turnkey has let us say 3.5% to 4% of the margin compared to export of 22%. So, like how we are tracking the margins going forward?

Rahul Mithal:

Yes. As you correctly said, and you can see that in Q2. Again, as I mentioned, because the Turnkey has much lesser margins vis-à-vis the export, so the challenge on margins would remain. However, as we did in Q2 also we focus and picked up some key consultancy projects, which are higher-margin projects to try and make good the shortfall in margin vis-à-vis Turnkey vis-à-vis exports. So that will be the way forward for a few quarters till we are able to again start getting revenue realization from the future export orders.





Pujan Shah: Thank you.

Moderator: Thank you. The next question is from the line of Venkatesh Subramanian from Logic Tree

Investment Advisers Private Limited. Please go ahead.

Venkatesh Subramanian: Two questions. One is after the completion of the current order book, which I presume can

happen over 2.5 years. If you can just give me a guideline on this Rs. 5000 Crore execution time frame, and during which course, what kind of growth can we assume in terms of the order book being replenished. So, 3 years down the line, if you have to maintain a growth

rate what kind of order book visibility can you give us, sir?

Rahul Mithal: So, to put your question in perspective, we are seeing an order book of Rs. 5000

crores, which, as I said, has a breakup of Turnkey of about Rs. 2000 crore, and moving forward, again, as I have been reiterating in the past also, we are primarily a consultancy

company, and we will remain so.

However, having said that, about 25% of our turnover would be from key Turnkey projects also. So, to keep that in mind and seeing an overall top line and bottom-line growth of a steady double-digit we foresee, we will have a balance between the Turnkey and the

consultancy order books so that we are able to maintain the top line and bottom-line growth,

as I have mentioned.

Venkatesh Subramanian: So, which means that this current order book of Rs. 5000 Crore gets executed in the next

couple of years or something, do you expect that over the next years, we will be having

order replenishment coming in, which will be equal or higher to the current order book, sir.

Rahul Mithal: Definitely, we are already pitching in all our various streams of revenue, and I see a

substantial order book across, we would do it diligently and carefully to balance between

the streams of revenue so that we maintain our overall bottom lines and margins.

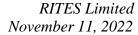
Moderator: Thank you. The next question is from the line of Rohit Natarajan from Antique Stock

Broking. Please go ahead.

Rohit Natarajan: My question is confined to export orders. I want to understand that you are looking at \$100

million kind of individual packages in Africa or maybe some other countries like that. What is that number that you are targeting in terms of export order, and even if you win this order, it's highly unlikely that the work can begin in 12 months? Is that the understanding,

right? Or is there any short-term quick to execute kind of orders that you are looking for?



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Rahul Mithal:

So, very correctly mentioned, when we started this financial year, we had an order book balance of export for about Rs. 450 crores out of which we have executed in H1 about Rs. 150 crores, and as I had mentioned earlier also that these orders were about 2 years old pre-COVID and no fresh orders could be generated during the COVID time. Our efforts are on it, In the last few months across various target countries trying to be able to get an order, but as you again correctly said, from the time we get an order and the time that it manifests in revenue because by the time it gets manufactured and shipped, it is a good 12 to 18 months. So, our effort is to reduce this time gap or quarter gap between these orders finishing and therevenue generation from the fresh orders. So, I would foresee definitely a gap of about 2 to 3 quarters between the fresh revenue coming up and this revenue finishing the stream, only specifically in the export stream.

Rohit Natarajan:

Yes. In terms of order inflow number, order inflow target?

Rahul Mithal:

So right now, that is speculative. As I said, we are targeting 3, 4 countries, and we are quite confident that somewhere down the line as soon as possible. The effort is to minimize the gap as much as possible. As I mentioned, it could be 2, 3 quarters gap. Our effort is to reduce this to maybe 1 or 2 quarters so that as we transition rather than a sinusoidal curve, it should be as much as a flat or a growth curve in terms of export revenue.

Rohit Natarajan:

Thank you I will get back in the queue.

Moderator:

Thank you. The next question is from the line of Shreyans Mehta from Equirus. Please go ahead.

Shreyans Mehta:

So, my first question pertains to our Turnkey segment. We are seeing to good amount of revenue bookings this quarter. So just wanted to understand, in terms of the quarterly run rate, is this the run rate we should look forward in third quarter and fourth quarter? Or we are still at those initial sales and there could be some healthier ramp-up in coming quarters.

Rahul Mithal:

. All turnkey projects are in full swing, and as you see the sequential growth in Turnkey between quarter 1 and quarter 2 itself, there is quite a substantial growth of about 30%, and the current trend of Q2 Turnkey would remain same. In fact, we would be pushing it more in the coming 2 -3 quarters, as I said, so as to be able to balance out the drop in exports stream revenue for the next 2, 3 quarters.

Moderator:

Thank you. The next question is from the line of Viraj from Jupiter Financial. Please go ahead.



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Viraj: Can you give me the breakup of your margins in the order book, as I see the consultancy

and Turnkey are more or less equal, and your comments on REMCL It is also just 100

crores, it would be nice if you can just throw some light on it.

Rahul Mithal: No, I did not get your point regarding margin and consultancy and Turnkey being similar.

Viraj: No sir, my question is the margins on all the segments of the order book consultancy, export

and turnkey are similar, and REMCL is not growing as expected, it is Rs. 100 crores, but what I read in the news relating to railways somewhere that they are planning some huge

solar projects. So, are we going to get benefited by it? That is what my question was.

Rahul Mithal: So, margins are in the various segments. The margins have been good. In fact, the

consultancy margins have been in the range of about 30% plus the inspection and QA and consultancy combined have been in the range of 40% plus. Exports have been steady about

22%, 23%, and Turnkeys have been in the range of about 3.5% to 4%.

So, these are the trend of margins. As I said, the mix of revenue has been the focus to try and buffer the drop in export by concentrating on high margin areas. As far as REMCL is

concerned, REMCL is focusing on growth pattern would be seen as these initiatives in the

solar area will fructify in the coming quarters.

They are work in progress, and as they mature into finite revenue generators, you would see

some upward growth in the REMCL contribution to the revenue.

Viraj: So over next 3 years, I think REMCL can be big for next 5 years because of the boost

towards renewable and all, we can expect some huge top line coming from. Is it fair to

assume this, that is what was my question?

Rahul Mithal: REMCL would definitely see some growth. The quantum of growth, I would not like to

speculate, but definitely REMCL is the nominated entity for doing all renewable work for Indian Railways and we are exploring a number of areas in this field as the coming quarters

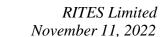
as they mature into finite orders, we would be seeing the actual amount of growth which we

can see in this sector.

Viraj: Okay. I will come back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Pujan Shah from Cogruence Advisers.

Please go ahead.





Pujan Shah: Just wanted to know the Turnkey order book completion, like if we say the Rs. 1900 crore

of order. So, what is the estimated date of completion? Is it 2 years, 3 years?

Rahul Mithal: You see normally Turnkey projects vary anywhere from 2 to 4 years because of some of

them having issues of land acquisitions. But on an average, I would say, good Turnkey projects take about 2, 2.5 years and some of them take anything from 3.5 to 4 years. So

median time for Turnkey project is 3 years approximately.

Pujan Shah: Okay. Got it. That is from my side. Thank you.

Moderator: Thank you. The next question is from the line of Shreyans Mehta from Equirus. Please go

ahead.

Shreyans Mehta: Sir, a few clarifications on the balance sheet side. One, in terms of our debtors which is

roughly around Rs. 700-odd crore have moved to around Rs. 840-odd crore. So is it pertaining to the export orders, and secondly, what the CWIP has gone up from Rs. 60-odd crore to Rs. 76-odd crore. So, what is the reason behind that and lastly, on the Capex

guidance for the year?

Rahul Mithal: I think you have asked 3 questions in one go, but just to quickly tell you, as far as debtors is

concerned this is a temporary spurt. In fact, the good news is that all our export orders, the debtors, most of them are getting cleared. Sri Lanka, which had an outstanding of about Rs.

118 crores, about Rs. 100 crore we have received recently. So, the bulk of it is received and

all our efforts are on to reduce the balance quantity from Mozambique. So that is not a worry at all. In debtors, there is a temporary growth. Further, I think the second question

you asked was, I do not recollect, what was it?

Shreyans Mehta: So, sir, CWIP as on March was Rs. 58-odd crore, which has now moved up.

Rahul Mithal: So that is basically because of the building projects. It has contributed temporarily to

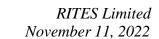
growth in CWIP and as far as Capex is concerned, we are in the range of about Rs. 125 crores to Rs. 150 crores, and we would be maintaining that trend, we have already done Rs.

79 crores in H1. So, I think we would be on track to maintain about Rs. 150-odd crore.

Shreyans Mehta: Got it. Thank you and all the best sir. Thank you.

Moderator: Thank you. The next question is from the line of Kunal from B&K Securities. Please go

ahead.





Kunal: My question is pertaining to if you can give some sense about the pipeline in the domestic

market, especially on the consultancy side, and also, if you share any guidance on order

inflow for the current year?

Rahul Mithal: So as far as the pipeline and consultancy is concerned, we have been pitching and getting a

lot of orders. In fact, in quarter 2 itself, we got a total of 70 orders, most of them

consultancy, totaling to about Rs. 440 crore and out of 70, about 60-plus are consultancy

orders, and including the recent one which we got for Ahmedabad Metro Phase 2.

So going forward, across sector, whether it is the consultancy in metros or buildings or

highways or smart cities, we have a number of orders in pipeline. In Turnkey, also, we have been pitching to maintain a healthy mix in our top line of about 25% for various key

been pitching to maintain a hearthy mix in our top line of about 25% for various key

projects in Turnkey and one most recent order, which has been declared to exchange is of

the depot for Bangalore Metro, in this our share is about Rs. 250 crores.

So, in terms of the total order, whether in consultancy or in turnkey, the trend is good

enough, and we hope to build up on it further in the coming quarters.

Kunal: Sir, any guidance that you are sharing for the current year?

Rahul Mithal: We see a growth pattern as you see in sequential growth as well as year-on-year growth if

you see H1, that is a good double-digit growth and I think we are on track to be able to

maintain that, if not better.

Kunal: Sure. Thank you so much.

Moderator: Thank you. The next question is from the line of Rohit Natarajan from Antique Stock

Broking. Please go ahead.

Rohit Natarajan: Sir if you could touch upon the REMCL part. There are 2 segments. One is the trading

model and the ownership model part of the solar assets portfolio that you have. Could you

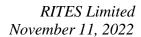
give us some color on it where exactly is the incremental addition going to happen in that

vertical?

Rahul Mithal: No, we do not have any ownership model in solar. The REMCL is very clear as per the plan

for about more than a year or 2, that all future developments in REMCL in the renewable, whether it is solar or wind or any renewable energies in the developer mode. So basically,

REMCL gets revenue, not as the Turnkey revenue per se. It does not own any asset, except





one windmill at Jaisalmer, which is about few years old. Moving forward, also, REMCL would not be investing any Capex in owning any asset in any renewable form of energy.

Rohit Natarajan: Okay thank you that is largely clear.

Moderator: Thank you. The next question is from the line of Viraj from Jupiter Financial. Please go

ahead.

Viraj: Sir, my question is you have been basically a consultancy company. But when I see today,

the order book we are like more or less equal on Turnkey and consultancy. So, what is our sense going forward? I understand this is stop gap arrangement for the, our export order

being low. But if you can give some sense going forward in terms of consultancy growth,

domestic international. Some color on that would be helpful.

Rahul Mithal: You see consultancy, the time frame of execution of consultancy orders is much much

lesser compared to Turnkey orders, as I mentioned some time back that Turnkey orders normally have an average of about 3 years plus for execution. So at any stage of time, the

order book breakup would show more comparable or maybe it should ideally be more also

Turnkey order book will gradually grow, we are aiming to make it grow, so in terms of

value breakup of the order book, the Turnkey orders will always be more than the consultancy. But having said that, moving forward, we have been maintaining that we are a

consultancy company and would remain so. Our contribution in consultancy to our top line

would always be in the range of about 50% plus, and we would maintain that and Turnkey

would be in the range of 25%. On a pan-out basis, except maybe quarter-on- quarter where

some variations take place due to variations in the revenue inflow, but on an average basis,

it is year-on-year, that is our way moving forward.

Viraj: The margins in Turnkey is low. So, what are the chances of loss being suffered by us, are

wesecured on loss front or?

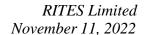
Rahul Mithal: I already clarified that sometime back that margins in Turnkey are always much lower and

the margins are always taken care of by taking and concentrating on the execution of highmargin consultancy order that is what has been seen, In spite of export area, which is a good margin revenue stream dipping in Q2, our margins have been steady. We have a core

EBITDA margin of 25% plus, both in Q1, Q2, and we are maintaining that even if you see

comparison year-on-year.

Viraj: Thank you and all the best sir.





Moderator: Thank you. The next question is from the line of Parimal Yatish from Credential

Investments. Please go ahead.

Parimal Yatish Mithani: I just wanted to know, can you give me the quality assurance number for H1 as well as

compared to last year.

Rahul Mithal: Yes. The QA revenue is 187 vis-à-vis 144 last year, which is a growth of about 30%.

Parimal Yatish Mithani: Thank you sir.

Moderator: Thank you. The next question is from the line of Pujan Shah from Cogruence Advisers.

Please go ahead.

Pujan Shah: Yes. So it will be a more basic on sector side question. So, on a railway Capex side,

likewhat are we seeing? Are we in the mid-cycle or been in the completion cycle or what? Because I think on electric conversion from the diesel conversion, we have seen a great work, and we have almost completed that part. So on railway Capex side, specifically for

double gauge and all other things, what are we seeing on specifically for our company and

on a sector level?

Rahul Mithal: Railway Capex or mainly our Turnkey revenue can be broadly broken into 3 different parts.

One is the electrification work. One is broadly the new line and other related doubling and

other related infra work and the third is station development work.

So the new line and the electrification work, as you correctly said, is moving very fast and

somewhere by next year, later part of next financial year, the IR is also targeting most of the

electrification. So we should be seeing that pattern. The new line and doubling work orders

which we have, are moving fast and we are in the good stage of execution. Because this is a

continuous evolving area, new tenders and new work opportunities are coming up, which

we have been bidding, and in station development we recently got an order just recently for

Kolam station, which is about Rs. 160 crore. So these are just few contracts and the project

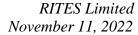
is just about to begin.

As you see, there is a mix of 3 streams of various stages. This inflow from rail infra work in

Turnkey would continue, and we are targeting to see a growth in this also, as we bid for

more station development as well as the new line doubling works that are coming up.

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



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Harshit Kapadia:

Just one question on the quality assurance part of it though the revenue growth has been around 30%, but when you look at Capex on railways for the first half of the financial year it has almost doubled. So do you expect the run rate for the quality assurance in the next half that is for H2 should be at much faster rate, maybe upwards of 50%, 60%. That is how we should interpret, or it will still remain at this 30% or 40% level?

Rahul Mithal:

Okay. in terms of quality assurance, the growth in Q1, Q2, the H1 vis-à-vis H1 last year, has seen a good growth. But moving forward, there is, as I mentioned in a few calls earlier, that there is a policy decision by Indian Railways now to go in for a panel of QA agencies. As that gets panned out in the coming quarters and then it would be clear what is the percentage of work which gets divided between the four agencies which are empaneled.

Having said that, maybe the percentage of our QA revenue from IR as a client would reduce to that extent, but we do a lot of QA work for non-IR clients also across various sectors, and overall QA revenue, we are targeting that it remains the same, we are able to absorb that drop in IR revenue and maintain the same levels or in fact, going forward to increase further.

Harshit Kapadia:

Understood, sir. Okay. I will join the question queue.

Moderator:

Thank you. The next question from the line of Viraj from Jupiter Financial. Please go ahead.

Viraj:

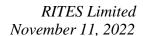
Sir, my question is on the Turnkey business. Having low margins, what are the risk we run in big support of nonexecution commodity prices going up. So can you give us some color on that, like the risk we run in this business?

Rahul Mithal:

Yes, Turnkey has risks in terms of the timely execution cost and time overruns more so with the latest policy of IR of coming with EPC tenders, for example, the latest order, which we got for Kolam station turnkey, that is an EPC mode. So the focus or the requirement of timely completion, both without time and cost overrun, so as to be able to maintain the originally envisage margin, is very crucial. Yes, the care has to be taken more so moving forward as we get more Turnkey orders in the EPC mode because that would be the mode of tendering now for all IR Turnkey orders. Yes, we focus on timely execution and keeping a check so that the escalation that we envisage while taking the orders, if the time overrun takes place, then obviously, it results in more chances of cost overrun.

Viraj:

Are we equipped for that, sir, being a consultancy company, are we equipped to have this business?





Rahul Mithal: We are more than equipped because we have been doing Turnkey for about 5 years now,

and we are taking Turnkey as a mix of our consultancy business, as I mentioned, about 25% odd of our total revenue mix, and we take them on a selective basis. Both in terms of

business selective choosing as well as strategic choice, and we are more than equipped for

the contracts that we take to execute them timely.

Moderator: Thank you. The next question is from the line of Rohit Natarajan from Antique Stock

Broking. Please go ahead.

Rohit Natarajan: Sir, my question is related to market share of your consultancy segment? How was it in the

past? How is it going to be in the future, and also help us understand within consultancy,

the QA and non-QA portion?

Rahul Mithal: You see we operate in consultancy in about 8 different sectors. The Airports, highways,

buildings, metros, smart cities etc.. To be able to give you individual figures in terms of market share, that is a tough proposition. But yes, that we can definitely say that our consultancy business, both domestic and international overall is seeing a healthy growth. There have been challenges in certain sectors of consultancy where like highways where

more and more smaller consultancy firms are coming and the undercutting in margins have

been going on.

We are maintaining a certain level of consultancy and we do not like to go beyond,

compromising beyond a certain level in terms of the quality of consultancy, the quality of deployment of resources that we do for our consultancy order. In certain areas, there has

been a dip in terms of the quantum of order that we are taking.

However, in certain areas, which are our niche areas of consultancy, for example, metros or

in terms of smart city planning in terms of city mobility plans or logistic plans, we have

been getting more and more orders on a competitive basis.

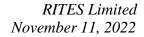
Moderator: Thank you. The next question is from the line of Parimal Yatish from Credential

Investments. Please go ahead.

Parimal Yatish Mithani: I just wanted to know in terms of REMCL. Currently, if you can give a figure of what

percentage of railway electric requirement is being handled and is there any capacity that

we can cater currently.





Rahul Mithal: REMCL is handling about 70% plus of the traction requirements of Indian Railways, and

all efforts are to increase this further across states, individual negotiations are on from

various states so that the aim is to reach 100%.

Parimal Yatish Mithani: Thank you sir.

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

Harshit Kapadia: Just one clarification. Since you mentioned part of your QA business will be now divided

between you as well as other 4 firms. Do you think margin may be reduced or it will

remain the same?

Rahul Mithal: No. Definitely, in terms of since there would be a competitive price bid between the 4

empanelled agencies. So yes, the top line share as well as the margins would also take a hit

in terms of the IR QA business.

But as I said, we are already working on a number of non-IR clients, which we have

traditionally. We are working to expand them and also explore opportunities for QA internationally in railway systems as well as non-railway systems, considering our legacy of

more than 40 years of QA to be able to take care of both the bottom line and top line in

terms of this dent from the IR as a client.

Harshit Kapadia: Fair enough sir. Thanks for the clarification.

Moderator: Thank you. The next question is from the line of Viraj from Jupiter Financial. Please go

ahead.

Viraj: Sir, my question was how are we placed against the other government companies like in

Turnkey business like RVNL and IRCON. So they also do more of the same line of

business what we do now.

Rahul Mithal: The Turnkey is being done similarly by other sister PSUs but as we said, our core strength

is that we do consultancy primarily across various sectors more than about 8 sectors, and

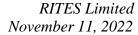
that is our core strength which is a bulk of our revenue.

Viraj: Yes, but my question is regarding Turnkey, how we will be placed against them. I

understand that.

Rahul Mithal: I do not understand in terms of how we placed. We do similar work and we win contracts in

Turnkey on a competitive basis. The Turnkey nature of course, is obviously similar,





whether it is station development or railway electrification or building work or it is new line doubling the Turnkey nature of work is similar. We get orders on competitive mode, not only from other sister railway PSUs, but across other competitors also.

Moderator:

Thank you. The next question is from the line of Rohit Natarajan from Antique Stock Broking. Please go ahead.

Rohit Natarajan:

Sir, a big picture question. Like within next 5 years, how do you want to see this execution being driven by? Like will it be consultants, either it be exports or will it be Turnkey. Help us understand the big picture in terms of numbers, what is the management thinking about.

Rahul Mithal:

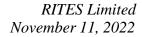
Yes. I am glad you asked this question. We are clear as of now and moving forward year-on-year and in the next 5 years also as you asked that our core strength is consultancy in the key areas, about 8 different areas, as I mentioned. Some of them are niche strength which we have both domestically and internationally. We have a domain strength, legacy, and we will continue to work on that, whether it is, as I said, the metros or the smart cities, the bridge engineering, tunnel engineering etc. I mean, these are areas where we have core competence; very few both PSUs as well as private entities can match that and we win contracts in them on a competitive tender mode basis. So we will continue to leverage that and grow in that.

Turnkey, as I mentioned, is an important element because it is required for our top line also and to buffer some time, as you saw in this quarter, drops in export tech revenue. We would target a healthy mix of Turnkey aiming in a range of about 25% of our top line and export of rolling stock is a very good traditional area, a stream of business, which RITES has been doing for 40-plus years.

We have a lot of confidence in a number of clients not only in traditional clients in Southeast Asia and Africa, but we are also exploring other possible clients in Latin America and Central Asia. So we will continue to target export. It is a good high-margin business, which we have experienced both in commissioning and operation and maintenance of the exported rolling stock. So that will also continue to be a major part of at least 20%, 25% of our revenue stream.

Moderator:

Thank you. The next question is from the line of Prasanth Gopal from Spark Asia Impact Managers. Please go ahead.





Prasanth Gopal: During last call, you mentioned you are aiming for Rs. 250 crore of export order to mature

in Q2 and Q3. Now Q2 export numbers are low. So is it fair to expect majority of order

book to mature in Q3.

Rahul Mithal: Yes. as I mentioned at the beginning of the year, the year started with about Rs. 450 crore

balance export order book, and till Q2, we are done by Rs. 150 crore. So the balance Rs.300 crore, out of that about Rs.200 crore odd is the export order for the balance shipment which is maturing primarily into Q3 with some partly maybe spill over to Q4, and the balance, about Rs.100 crore out of Rs. 300 crore is for the regular operation and maintenance work

of the exported rolling stock, which will continue to keep coming on a monthly basis.

Prasanth Gopal: Thank you sir.

Moderator: Thank you. The next question is from the line of Ankur Sanwal an individual investor.

Please go ahead.

Ankur Sanwal: So we have a joint venture with SAIL regarding wagon manufacturing. What are the future

prospects of the company, and are we also interested into making passenger wagon.

Rahul Mithal: We have a joint venture, as you correctly said, with SAIL at Kulti. It is a very good facility,

state-of-the-art, which has a lot of capacity. We are not, as of now, we feel that there is a lot of scope to leverage the existing capacity itself for more wagon manufacturing, both for IR as a client as well as looking at export wagons from this facility. We are working on that so that this facility can export wagons also so that we can directly use this rather than sourcing the wagons from another source. Maybe yes, your suggestion is also at due course of time since the facility is there, and it is a very good infrastructure facility we could look at

exploring using it for some kind of passenger stock also.

Ankur Sanwal: Thank you sir.

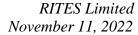
Moderator: Thank you. The next question is from the line of Venkatesh Subramanian from Logic Tree

Investment Advisers Private Limited. Please go ahead.

Venkatesh Subramanian: A bit of a follow-up on the previous question, sir. One is in terms of growth rates, if I go

back like 6 to 7 quarters before and in one of the calls, one of the key question that was asked was that Can RITES be like a top line company of Rs. 7000-8000 crore we are talking about \$1 billion top line over 4 to 5-year period there. Do you think that means the growth rate of broadly 18% to 20% over a period of time again, it gets into the big picture.

Can you give us a guidance? Is there something like a vision that we can aspire for





considering that you are on a supreme agency you are in 8 consulting segments and India's infrastructure growth, you are going to be huge. Would that be kind of a number too farfetched or something realistic?

Rahul Mithal:

I am glad you asked this question so that it clarifies clearly our core strength and the way we are moving forward. So you must appreciate that consultancy orders are much lesser in terms of their value vis-à-vis Turnkey order. So to grow from a current level of about Rs. 2500-2600 crore to Rs.7000 crore in about 4 to 5 years, the whole complexion would have to be primarily shifted more towards Turnkey which then is, as I broadly mentioned in our broad vision and strategy, Turnkey would be limited to about 25% odd of our total business mix. We are primarily a consultancy agency, and we would look at watching the bottom line carefully also rather than just aspiring to be Rs. 7000-8000 crore by taking Turnkey order and sacrificing our margins.

Our focus has been, as you compare whether it is quarter-to-quarter or year-on-year or H1 to H1 has been a very important focus on maintaining our profit margins and operating margins also. So that has to be a balance between the top line and the bottom line moving forward.

Venkatesh Subramanian: Thank you sir. I will join the queue.

Moderator:

Thank you. The next question is from the line of Parimal Yatish Mithani from Credential Investments.

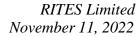
Parimal Yatish Mithani: I just wanted to know, in terms of leasing business, can you give us, what do you think will be in the next 3 to 4 years. Can you discus about that business.

Rahul Mithal:

So leasing business is a good revenue and a good source of both revenue and margins for us, and in fact, we have been continuously getting orders from new clients also in the leasing area, both in the operation and maintenance of the rolling stock that we lease and we recently got an order of Rs. 6 crore for more of leasing of locomotive and operation and maintenance order of the lease rolling stock of about Rs. 19 Crore. We have about 65-plus locomotives, which we lease and also operate and maintain. Besides that, we do operation and maintenance of locomotives and wagons owned by the siding owners also. So this is a good stream, and we will continue to see a healthy growth in it, both in the top line as well as the bottom line.

Moderator:

Thank you. The next question is from the line of Prasanth Gopal from Spark Asia Impact Managers. Please go ahead.





Prasanth Gopal: What will be the quantum of QA revenue from Indian railways or the share of the Indian

railways total and QA will be helpful.

Rahul Mithal: You see to give a specific number of the QA revenue client-wise would not be fair. But yes,

it is a substantial amount varies from quarter-to-quarter. And as I mentioned sometime back that with this in the coming quarters, this drop in the QA revenue from one client from IR, both in terms of the top line and bottom line of IR as a client for QA revenue we are aiming to work on it to get more than make up for it from our other non-IR clients, which is also

quite substantial.

Moderator: Thank you. The next question is from the line of Venkatesh Subramanian from Logic Tree

Investment Advisers Private Limited. Please go ahead.

Venkatesh Subramanian: So my question is on REMCL. This is a kind of claw back to 2021 transcript. At that time,

what was the notes that was broadly in the transcript was, REMCL could grow to be a top line of about 350 crores in some time and based on a particular kind of a sharing model where I think 70 paise per unit generated will go to RITES. If you can just let us know or reconfirm the revenue model on REMCL. There are very bright prospects that were indicated saying this company could be quite large going forward. Some sort of a vision

would help.

Rahul Mithal: No, I think maybe at that stage, which we are talking about, maybe it could be based on the

assessment a few years back that maybe REMCL would work more on the Capex asset model, which, as I said, sometime back in the last year or so, a conscious decision has been

taken that REMCL will work on the developer model for all developments in the renewable

energy arena, whether it is solar or wind.

With that, the growth in top line, which is in the range of Rs. 100 crore plus right now

expected to grow suddenly to 350 in a year or 2 or so, that does not seem probable. It will

be growing good, yes, since it is more and more electrification in the Indian Railways and

IR targeting by next year, complete electrification and also growth in traffic, as we see in

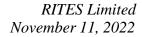
the last few quarters, IR traffic has seen a good growth, both in passenger and freight. So

with that, the requirement of electric traction energy for IR is growing and REMCL will

see a good growth catering to the IR traction requirements.

Moderator: Thank you. The next question is from the line of Viraj from Jupiter Financial. Please go

ahead.





Viraj: Sir, my question is, is there any news on the OFS by DIPAM to us. That is my question

because there was some press meeting about it some time ago.

Rahul Mithal: I would not be the right person to answer it. I think DIPAM would be the right agency to

answer your question regarding that.

Viraj: Okay sir good day.

Moderator: Thank you. The next question is from the line of Ankur Sanwal an individual investor.

Please go ahead.

Ankur Sanwal: Sir, after your joining of the company, the company has seen a memorandum of

understanding with many marquee institutes of India and other countries. What is the

thought process behind the same?

Rahul Mithal: I am glad you asked this question. The key reason for this, and we are constantly working

on it across whether it is the academic institutions like IITs or whether it is key business top leading business companies like TCS or other key PSUs, we have been working on it so that we can complement our in-house strengths with their expertise and be able to give a solution to the client in various areas. For example, our sustainability vertical is working on areas such as clean air program and the solid waste management. We are looking at tie-ups and MOUs with various important institutions. So these are the kind of strategy which we have been following, and we will continue to work on this so that we can bring the best to

the client in whatever we lack in certain areas, we can complement that with the expertise

of the partner whom we partner with.

Ankur Sanwal: Thank you sir.

Moderator: Thank you. Ladies and gentlemen, that is the last question. I now hand the conference over

to Mr. Harshit Kapadia for his closing comments.

Harshit Kapadia: Thank you, Luzon. We would like to thank the management of RITES Limited, Shri Rahul

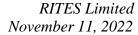
Mithal, Chairman and Managing Director along with his team for giving us an opportunity to host this call. We would also like to thank our investors and analysts for attending this

call. Any closing remarks Rahul Sir.

Rahul Mithal: Thank you, Harshit and the team for this opportunity for us to interact with our stakeholders

and investors. We reiterate, as I said in the beginning that we have the core strength and our

USP that we can target one stream, if one stream did face a setback certain time, our multi-





sectoral presence ensures that we are able to protect both our top line and bottom line by suitable realignment from other schemes of traffic from other streams of revenue, and with this strength, we feel that moving forward, we will leverage this sequential as well as year-on-year growth. We are on track for this financial year as a whole. Our two recent aggressive endeavor in RITES Videsh targeting more of international consultancy and RITES Sustainability, targeting new areas of sustainable pollution control and other sustainable initiatives.

These we foresee giving us more contribution to both of our top and bottom line, and our dividend, which we have declared a second interim dividend of Rs. 4.5 per share which makes our cumulative dividend as Rs. 8.5 per share is also on track vis-à-vis the total Rs.17 per share, which we declared as a dividend last year. So, all factors show that our company is on track for the entire financial year, and I can only reassure all our investors that we will continue to leverage our inherent strengths and our expertise to take the company forward.

Moderator:

Thank you. Ladies and gentlemen, on behalf of Elara Securities, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.

-End-

Audio file of the conference call is available at:

https://rites.com/Upload/MediaGallery/Audio/3/ELA0520221111144323 mp3-2022-Nov-12-09-34-34.mp3

For any clarifications you can write at investors@rites.com

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