



राइट्स लिमिटेड
(भारत सरकार का प्रतिष्ठान)
RITES LIMITED
(Schedule 'A' Enterprise of Govt. of India)

No. RITES/SECY/NSE

Date: February 17, 2023

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| To: Listing Department, National Stock Exchange of India Limited 'Exchange Plaza', C-1, Block G, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051 | To: Corporate Relationship Department BSE Limited, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai – 400 001 |
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Sub: Outcome of investors/analysts meet - Transcript of the Conference Call held to discuss Financial Results for quarter and nine months ended 31st December, 2022

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

Sir/ Madam,

Please find enclosed herewith Transcript of the Conference call with analysts and investors held on Friday, February 10, 2023 to discuss the Financial Results of the Company for the quarter and nine months ended 31st December, 2022.

You are requested to take this information on record.

Thanking You,

Yours faithfully,
For RITES Limited

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

Transforming to GREEN

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CIN: L74899DL1974GOI007227



“RITES Limited
Q3 FY '23 Earnings Conference Call”

February 10, 2023



MANAGEMENT: **MR. RAHUL MITHAL – CHAIRMAN AND MANAGING
DIRECTOR – RITES LIMITED**
**MR. B.P NAYAK – DIRECTOR FINANCE – RITES
LIMITED**
**MR. A.K SINGH – DIRECTOR PROJECTS – RITES
LIMITED**
**MR. JOSHIT SIKIDAR – COMPANY SECRETARY – RITES
LIMITED**

MODERATOR: **MR. HARSHIT KAPADIA – ELARA SECURITIES PRIVATE
LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to the RITES Limited Q3 FY '23 Earnings Conference Call hosted by Elara Securities Private Limited. As a reminder, all participate lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero 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.

Harshit Kapadia:

Thank you Seema. Good morning, everyone. On behalf of Elara Securities, we welcome you all for the Q3 FY '23 and 9-month FY '23 conference call of RITES Limited. I take this opportunity to the management of RITES Limited represented; 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.

Now I'll handover the call to Mr. Rahul for his opening remarks. Over to you, sir.

Rahul Mithal:

Good morning, everybody. Before I start, let me start 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 give you a brief overview as my opening remarks on the performance of Q3. We must say that we at RITES have delivered what we promised in spite of the challenges of order book and a contribution by the export segment, which as I have been mentioning in my past interactions, that all our efforts are on to get fresh orders, but in spite of that, the USP of the company came forth again that all the other 3 streams of revenue, the consultancy segment year-on-year, there was a growth of 16%. Turnkey segment of revenue more than doubled i.e. 115%, the leasing increased by 10%. And because of selectively targeting the key orders and key projects, you could see a core EBITDA margin increase from 23% to 26% and a PAT margin increased from 18% to 20%.

So the core strength of consultancy as well as the USP of being able to balance on quarter-to-quarter between my various streams of revenue to give my shareholders and my stakeholders the best, we continued on that trend. But with those opening remarks, I leave the floor open.

Moderator:

We take our first question from the line of Yash Gupta from Kingsight Advisors.

Yash Gupta:

First question is on the order book. How the order book is looking currently. In this quarter, we have increased our order book by almost INR 500 crores, but that comes from the Turnkey project. So Turnkey as a percentage of the order book keeps on increasing. I think in the last 2 years, we have increased from 37% to 47%. So how the future of like next one year looks like?

And would you like to comment any development on the export order size that we were talking about since last two quarters that there is some export order that we will be able to achieve?

Rahul Mithal:

So the key point is that, yes, the order book has grown substantially, a good healthy 10% growth from 30th September to 31st December. As it stands now, it's INR 5,500 crores, INR 2,600 crores in Turnkey and INR 2,500 crores in consultancy. We are very clear that we are primarily a consultancy company. While of consultancy, each order maybe of a smaller value as compared to a Turnkey order, but in terms of numbers and total cumulative value this quarter itself, we got a total of 65 orders, out of which about 60-plus orders are consultancy orders. And all those 65 have added up to INR 1,200 crores.

So going forward also, the breakup of the order book, yes, a larger percentage would be in Turnkey because Turnkey projects take about 3 to 4 years to get executed. So they have to have a larger percentage of the order book. But in terms of revenue mix, what we have been saying that consultancy would always be aimed to be 50% plus, that would continue and that we are close to that trend.

As of now, we are at about 46%-47%. The skew is only because the export contribution has been down in this quarter in the revenue segment -- revenue contribution. That is why you see a larger contribution by the Turnkey segment. But moving forward, as it even out, the consultancy would remain at 50% plus.

Specifically about export orders, yes, we have now across prospective clients, whether on a bidding stage or in terms of negotiation stage and finalizing the orders? Yes, we have been trying for last 2, 3 quarters, and we are now at quite advanced stages across a number of prospective clients and we are pushing very hard to be able to convert it into a finite order.

The trend has started. We have already opened our score, which maybe a small order of only 2 locomotives of about INR 10 crores, for Bangladesh export. But yes, it encourages us that after a high test of about 2.5, 3 years, the trend has started. And I'm sure in the coming months, you should be able to see finite orders also.

Moderator:

We'll take the next question from the line of Vishal Periwal, IDBI Capital.

Vishal Periwal:

Sir, one question was on like there was media report some time back, which highlighted railway has received multiple bids for quality assurance work and the bids were at a little lower rate than what RITES was charging. So any qualitative aspect or qualitative comments that you can provide? And because despite that, the bids are coming at a lower, we could see margins have improved for us in this quarter. So we're just trying to correlate this to come to some sort of conclusion?

Rahul Mithal:

Yes, you're right that a few months back, 1 or 2 months back, an order of empanelment has been placed for 4 agencies, the RITES is one of them for doing the QA work. And as this kicks in the coming months, yes, it is going to be -- you see an impact in the margins on the Q&A segment of revenue.

However, having said that; RITES, because it's been in the QA business for more than 40-plus years, it has got a lot of non-Indian railway clients also as part of their QA client. So our effort is that the coming months to minimize the impact of the IR business on QA by making goods from other non-IR clients. So while there -- yes, you're correct, in the coming months, you will temporarily see an impact on the margins in the QA stream of revenue. But I'm sure in the coming quarters, we are -- I thought it'll bring it back to the original levels.

Vishal Periwal: So just continuing on this front. So as of now, can you say that whatever income that we have got, there is no impact of this particular regime change?

Rahul Mithal: See, this is a transition phase. The order has just been placed and as these fresh inspection calls come against the new order, that you see, inspection calls are done when the product gets ready. So even though the inspection agencies has been fixed by the time the execution starts and the revenue starts coming in, it would see a gap of maybe 2, 3 months. So this is the revenue which you see now in Q3 and maybe part of Q4.

Moderator: We'll take the next question from the line of Ankur Chanwal, an Individual Investor.

Ankur Chanwal: I would like to know more about REMCL and future potential of REMC.

Rahul Mithal: Yes. REMCL has been doing a good uptick in its performance. And this has primarily been because of the increased electrification in Indian Railways and the substantial growth in traffic. As you know, REMCL is a nodal agency for procurement of traction power for Indian Railways.

So in fact, if you see, year-on-year basis, the revenue has grown up by 27%. The PAT has grown up by 37%, and it's a high-margin subsidiary, which gives a margin of 50% plus. So the trend of 9 months also, if you see vis-a-vis the 9 months of last year, we are well on a growth path, it's about 20% growth.

Moving forward, I see this trend to continue, as I said, because of the increased electrification as well as the increased traffic. Further REMCL has also been mandated as the nodal entity for the net zero mission of Indian Railways, a lot of initiatives are being taken under that. And I'm sure in the coming quarters, that will also further contribute to the growth in the revenue of REMCL.

Moderator: We'll take the next question from the line of Mr. Viraj from Jupiter Financial.

Viraj: My question is this budget has increased allocation by almost INR 100 crores. So how would be the RITES benefited, in what areas it would be, if you can just shed some light on that?

Rahul Mithal: We are very excited by this high capex budget, an all-time high of INR 10 lakh crores. And why we say that is because RITES is a consultancy company across all segments of Infra. So I have 9 different verticals, doing consultancy across all possible sectors. So, you see there as a roadway highway allocation of INR 2.7 lakh crores, railways INR 2.4 lakh crore, which itself total combined to 5 lakh plus.

Urban Infra, which is whether it is smart cities, urban development, metros, they are INR 1.1 lakh crores, which again is a major area where we do a lot of work in city planning, in city mobility plans, metros, then Swachh Bharat, there's INR 12,000 crores, Jal Shakti 20,000 crores. All these areas, we are pitching. In fact, RITES sustainability, the vertical we started a few quarters back, that is targeting a lot of work in the sustainability area, whether it is solid waste management or clean air program.

So not only the old conventional infrastructure sector, but even the new age areas, we are very well equipped and we're going to leverage this high budget grant to our advantage in a big way.

Viraj: So continuing on that, I mean, can we have a 20%, 25% topline growth going forward?

Rahul Mithal: I would not like to speculate. But what I have been specifying and that's our company vision and strategy is to target a healthy growth in the profits and the core EBITDA, maintaining a healthy margin. So everything else stems from that. So if you should see our trend, whether it is 9 months to 9 months or sequentially, we are trying to have a healthy growth in our core EBITDA, as well as maintaining the margin and giving a substantial dividend and benefit to our shareholders, that is the strategy going forward and that will continue.

Moderator: We'll take the next question from the line of Yash Gupta from Kingsight Advisors.

Yash Gupta: Yes. So on Slide number 19, total number of employees and the regular employee count has come down in last 1 year by almost 10% as well as in the last quarter also, it has come down. So is the visibility of the execution is a little bit less? Or we expect like single-digit maybe growth in next like 1 or 2 quarters downgrading?

Rahul Mithal: You see our employees, we have 3 broad categories of employees. One is our regular employees, which is about 1,800 out of -- about 2,600. And balance about 800, 900 are people based on contracts for specific projects besides a few numbers and experts and advisers. So these contracts and project-based employees, these we tweak for better effectiveness based on the profitability of a particular order. So normally, we have in every project, a mix of the regular employees and the contractual employees. And the aim was to effectively utilize our mix. And you see that is why there's a year-on-year 6% employee cost reduction in the employee cost, which has helped me maintain my margin. So it's not about numbers per se of the employees. It's about effectively utilizing them to service all my orders. And that would be a continuous exercise.

Moderator: We'll take the next question from the line of Ankur Chanwal an Individual Investor.

Ankur Chanwal: Sir, can you please elaborate about [Israel](#) rail joint venture?

Rahul Mithal: So Ankur, we have been shortlisted as a consortium, and we will be submitting a bid. In this case, that's the only actual information. And if anything mature over that, we'll inform the exchanges.

Moderator: We take the next question from the line of Mr. Viraj from Jupiter Financial.

Viraj: Sir, my question is on your listing your consultancy business. When I look at your presentation that has been performing the best. So if we set the portion of the consultancy would go up or we might have an increase in the volume of the continent business going forward?

Rahul Mithal: So as I -- we are very clear as a company as our vision and our strategy that consultancy would always contribute of 50% plus in the total pie. And yes, growth would be always there, but the pie would grow and the share of each revenue stream would grow. But as a broad breakup, consultancy would always -- we are and will remain primarily a consultancy company. We are not primarily a construction company. And the aim would be to keep on leveraging our strength and consultancy across infrastructure sectors and grow on at least a minimum of 50% contribution from the consultancy stream of revenue.

Viraj: Continuing on that any color on green consultancy business, which you mentioned in the last call?

Rahul Mithal: Yes, as I mentioned, our RITES sustainability has bid for a number of opportunities across states, including the ministry. And we have bid for them. We have recently, about 1.5 months back, we had an MOU with IIT Kanpur, (their sustainability department) where IIT Kanpur is now a technology partner for all our sustainability initiatives, whether it is clean air program, solid waste management, net Zero. They are our technology partners for initiative across the country. And I foresee this maturing into orders and revenue in the coming quarters.

Moderator: We'll take the next question from the line of Mr. Harshit Kapadia from Elara Securities.

Harshit Kapadia: Just wanted to check on this quarter. QA part, sir, what portion of your current revenue is from non-rail railways? And could you also give us a number for of QA in this quarter, that would be helpful.

Rahul Mithal: Yes. So QA, traditionally, we have about 2/3 railways broadly and the non-railway is about 1/3 of the total contribution. This quarter, the QA revenue was INR 72 crore, which has been a good contribution. This includes both IR and non-IR, and I'm sure that this trend, while as I mentioned sometime back, that there will be a setback for a few quarters as we try and come back to honor more non-IR clients as we come back and take more non-railways clients. I'm sorry, the figure for QA revenue this quarter is INR 99 crore not Rs. 70 crore.

Harshit Kapadia: Okay, sir. And just continuing with that part, how do you plan to add the non-railway portion, which are the sectors that you are in further can share some insight that would be helpful?

Rahul Mithal: In fact, what is the interesting and the good achievement of ours is that we recently got certified as ISA. We are not only the only PSU, but the only second company in the country to get ISA certification. Now the minute we get this ISA certification, we immediately opens up a lot of avenues, whether it is inspection in the metro sector, it opens up areas in a number of other prospective clients.

We recently have had an MoU with the Ministry of Defense for certain sectors of their's where we can do the inspections. We are pushing very hard for prospective clients in the non-IR sector, to negate in the shortest possible time in few quarters, the impact due of IR portion of business opening up to 4 players.

Moderator: We have a follow-up question from the line of Yash Gupta from Kingsight Advisors.

Yash Gupta: On the quality assurance on the defense sector, the MoU, can you elaborate more on that, the quantum of it? And in what part of it we are working?

Rahul Mithal: So you see, it is MoU, as I said, which we will have one by one. I would not like to go into details of the products or the areas. The broad point which I was trying to make was that we are tapping a number of prospective clients to increase our non-railway contribution of QA business. And you would see the figures coming out. As I said, right now, it's roughly about 2/3 IR and 1/3 on a year. And the effort would be in every quarter to increase the ratio of the non-IR contribution, whether it is all prospective as I mentioned 1 or 2 of them.

Moderator: We'll take the next question from the line of Mr. Mudit Kabra from Elara Securities.

Mudit Kabra: Recently, we had the news for the station development program of 12 stations station has an outlay of INR 45,000 crores. Should we know the percent scope of work rights could have or could achieve in this program?

Rahul Mithal: Yes. In fact, you see that is the advantage of our various teams of business Mr. Mudit. And since we do both portion of our revenue as Turnkey EPC and portion as consultancy, we can tap this opportunity in a big way. So in terms of the Turnkey contribution, we are already doing 3 major stations. We are doing Varanasi, we are doing Ayodhya, recently, we got the Kollam station order. And parallely, we have now started targeting the PMC i.e. project management consultancy for the station development work. So recently, we got an order for Somnath station. It was on competitive bidding mode, which was a PMC for the Somanath station development.

Again, the strength of ours that based on one particular sector itself, and as you correctly said, it is a very high priority sector with a lot of high budget grant allocation in that. We are targeting both EPC mode also in certain stations and PMC also in certain station.

Moderator: We'll take the next question from the line of Uttam Kumar Srimal from Axis Securities.

Uttam Kumar Srimal: Sir, how about capex as you have incurred in the first 9 months and in the third quarter?

Rahul Mithal: You see capex, the total 9 months, we have reached a figure of INR 106 crores, which is in line with our broad projections of about INR 125-odd crores. We are primarily a low capex company. A trend of capex has always been in the range of INR 100-125 crore max about INR 140-odd crore. And I think this trend would continue in the coming quarters.

Moderator: On to the next question from the line of Parimal Mithani an Individual Investor.

Parimal Mithani: So I just wanted to know, can you elevate on the non-IR part of the business because in the last few calls, you've been particularly focusing on the non-IR side of the business? And how do you see it going forward for exactly better than you are in your core?

Rahul Mithal: Yes. In fact, as I mentioned, we have 9 different verticals. And for example, these are highway, buildings, metros, city planning, airports, ports and rail Infra is one of them and ports waterways, et cetera. You see, we are touching nearly every sector of infra. So even as you see the trend of recent orders which we have got in Q3 itself, that will give you a flavor of why I say that we have a varied presence.

We got 65 orders totaling to about INR 1,200 crores. Now just to give you a few examples of orders, which will show you the wide spread. We got a building order from IT Delhi. We got a metro depot from in Bangalore. We got a tunnel order in Abu Road - Tarana Hill. We got leasing order from NTPC. We got the PMC for railway sidings across 3, 4 major players. We've got an order for bridges on the Farkka bridge. We got an order from Paradip port. And we've got recently about 10 orders in the last 1 month in highways across Northeast. So you see as I just mentioned a few orders across sectors. So that's what gives us the strength and that's the core strength of our company that we can tap all possible sectors. And we can -- as I said, we started with sustainability a few quarters back. So moving forward, I'm sure we're going to get orders in the sustainability sector also.

Parimal Mithani: And sir, the revenue from this and margins to us, sir?

Rahul Mithal: The revenue spread across all these sectors. These are all consultancy, primarily consultancy order and are good margin orders.

Moderator: Before we move on to the next question, a reminder to all the participants. We take the next question from the line of Harshit Kapadia from Elara Securities.

Harshit Kapadia: I just wanted to check, sir, there has been a change in the bidding procedures for the turnkey construction. But the first half, we have seen a very lower amount of influence coming in. So how has been the competitive intensity in this turnkey construction project has been.

Rahul Mithal: So you see one major change that happened in the Turnkey segment a few months back, early part of last year was that I went in from the cost-plus model to EPC models. And the subsequent tenders, which have come out in the last 8, 9, 10 months are all in the EPC mode. So we have been now bidding in them in the EPC mode and we're getting orders in the EPC mode. So that - - which was there in the non-IR sector is now in IR sector also where the tenders are in EPC mode.

What we have also done is that we have done very intensive monitoring of our Turnkey projects where always these are lower margin segment of revenue. Normally, it used to be in the range of about maximum 2% to 3%, if you see the margins have been -- we've been able to touch about 4.5% margins in the Turnkey segment. So that's a constant effort by effective monitoring faster execution and as I mentioned some time back, effective utilization of the resources deployed

there, whether it is the man or material we want to pull as much possible to bring up the Turnkey segment margins also to an appreciable level. So Q3 margins in turnkey segment of revenue are as good as about 5%. If you compare year-on-year, Q3 last year was literally about 0%. If you compare 9 months to 9 months, the last year, it was 1.3%, and we are 4.2% now in the Turnkey segment.

Harshit Kapadia: How is the competitive intensity now with private players also bidding at the same forum as you are? And secondly, is this 5% now more sustainable number or it can again revert back to 3?

Rahul Mithal: So competition is tough. Yes, now it's an open field in all our segments of revenue. And that is a challenge and that is what we have taken it head on. But all my 4 streams of revenue in the last quarters have been opened up to all competitive bidding. And we are very, very well equipped compared to a number of sister competitors and sister companies where we have been bidding competitively getting orders, as you see the trend of orders. And in terms of maintaining these Turnkey margins in the range of 4%, 5%, it's a tough exercise, as you would appreciate, normally, it's very difficult to bring up turnkey margins above 2%, 3%. But our efforts would be on to keep it as high as possible.

Rahul Mithal: We'll take the next follow-up question from the line of Uttam Kumar Srimal from Axis Securities

Uttam Kumar Srimal: Sir, can you give me a figure for cash and cash equivalent at the 9 months?

Rahul Mithal: Yes. Our cash as of now, I have my Director of Finance, Mr. Nayak, we have about INR 800 crores. He'll give you more details.

Bibhu Prasad Nayak: See... We have around INR 742 crores, which is the RITES fund. Besides on behalf of the clients, we are holding around INR 2,500 crores, which actually belongs to the client, which are the advances received for the project education.

Moderator: We'll take the next question from the line of Vishal Periwal from IDBI Capital.

Vishal Periwal: Sir, on our revenue guidance, I think last 2 quarters in terms of revenue, we are seeing probably muted numbers. So what the full year basis earlier we were targeting a double-digit kind of revenue growth. So how exactly are we seeing things now?

Rahul Mithal: Mr. Vishal, let me again reiterate. We have been targeting a healthy growth in the PAT and the core EBITDA. We have never said that we are targeting a double-digit growth in the revenue. We are very, very clear that our taking of orders and our revenue will all stem from our core strategy and vision of having a healthy growth in the profits, the healthy growth in the EBITDA and maintaining a margin -- a steady core EBITDA margin in spite of the changed ecosystem of competition in all our 4 segments of revenue.

And if you see why I'm saying this, that we are on the right track, we deliver what we promise. It is that in 9-month figures, if you see, we have seen a 9% growth in the PAT. We have seen a 7% growth in the core EBITDA. Our core EBITDA margins are at about 28%. Our PAT margins

at 21% -- so we are on track. Our total PAT is about INR 432 crores in 9 months as against INR 539 crores in last FY complete.

So we are definitely on track as per our promises that we will continue to give a steady growth in the profit and the core EBITDA while maintaining our margins.

Vishal Periwal: Sure, sir. And just to continue with this. Maybe for EBITDA impact, can you seem like maybe like single-digit maybe high double digit? Or maybe like what project you will guide for yourself or maybe for the market to look at?

Rahul Mithal: You see, as I said, to speculate a number will not be fair. But continuously, whether you see sequentially, whether you see 9 months to 9 months, there has been a growth in the EBITDA and the profit, and we will continue to do that. Even if you see sequentially, the core EBITDA grew by 8%. The -- so that's what I say, a minimum. We are aiming for that kind of range. Yes, obviously, the aim would be to maximize it as much to reach double digit, cross double digit. But the aim and the continuous effort is to try and see a healthy growth in the core EBITDA.

Moderator: We'll take the next question from the line of Mr. Mudit from Elara Securities.

Mudit Kabra: Sir, would you throw some light on prospects from REMCL and the nodal agency for IR emission policy? Like apart from electrification, what other kind of projects can we get into.

Rahul Mithal: Yes. REMCL has now been mandated for last about a year, 1.5 years for the net 0 emission and a lot of various initiatives, various tenders and RFPs, RFQs have been floated for development in this area, in the RTC mode in the developer mode. And then moving forward, whether it is solar energy, wind energy and a combination of these, these will fructify, I'm sure, in the coming months. And REMCL has the nodal agency as the consultant for that initiative will definitely gain.

Mudit Kabra: Sir, can I have one more question?

Rahul Mithal: Yes, go ahead.

Mudit Kabra: So like now the exports are soften, but could we have some inquiry pipeline like across geographies? Like are we having any inquiries?

Rahul Mithal: Yes. As I mentioned, we have bid also, we are bidding also and we are tapping the non-bidding LOC kind of opportunities also across countries in Southeast Asia and Africa, and the start has been made. We got an order, as I said, a small order for 2 locomotives, but we are tying up with a number of prospective clients.

And I'm sure, yes, if you see export order by nature, take some time -- because all these countries have to arrange funding, whether under the line of credit mode or by the internal resources, whether they are Southeast Asian countries, Bangladesh, Sri Lanka or African countries, the Cape gauge countries.

So they are also recovering from the economic setback of COVID, and in most of the cases, the negotiations are at the final stages of trying to get funding or bidding and things like that are. So I'm sure in the coming months, we should be able to definitely convert it into a finite order.

Moderator: We take the next question from the line of Prasanth Gopal from Spark Asia Impact Managers.

Prasanth Gopal: Can you give some color on execution time lines or margins under Turnkey segment for IR and non-IR projects?

Rahul Mithal: Yes, you see Turnkey projects per se, our experience shows that it takes anything from about 3 to 4 years. And that's the reason why even if we limit or we have been aiming and that will be a constant endeavor to continue to have about roughly in the range of about not more than on a steady basis, 25% contribution of revenue from the turnkey segment, it may vary from quarter-to-quarter, some ups and down, on a steady basis on an average basis.

But because these take about 3 to 4 years, they require a larger order book. And that's why if you see the order of the portion of the content of the order book on turnkey will always be more vis-a-vis consultancy. As far as margins are concerned, turnkey contracts by nature has low margin I mentioned sometime a little -- a few months back, that they are normally in the range of 2% to 3%. We have with a lot of effort of effective execution, timely execution. We have pulled up the margin in 9 months to 9 months.

We have gone up from about 1.3% in last 9 months to about 4.2%. And that be our endeavor to pull up these margins as much as possible so that our overall margins, which are our company vision is to have safe, good margins, the impact of the Turnkey segment is also satisfactory.

Moderator: We'll take the next mention from the line of Harshit Kapadia from Elara Securities.

Harshit Kapadia: Just wanted to check you on the consultancy side, if you can share any large projects which we are eyeing or we have bid because Indian Railway is coming out with a very large size of project which hasn't announced in last multiple years. So any pipeline or any color on any project where we are there would be really helpful.

Rahul Mithal: Yes. So you see in terms of the thrust from our company seeing the allocations in this budget also. You see Rail Infra is an important -- it's one of the highest allocations, INR 2.4 lakh crores. And we thrust on rail connectivity, whether it is coal fields or ports or power plants, we have got a good number of orders in Q3 itself. And we are pitching both in the competitive as well as the nomination basis in IR rail connectivity, both at IR and non-IR times.

Many of these clients are non-IR client. They could be coal India in the subsidiaries, it could be NTPC, it could be ports. So we are -- and there are some private clients also. So we are pitching cement plants, etcetera. So rail connectivity is an area where we are going to pitch very aggressively. A Highway, you see, again, a very high allocation of INR 2.7 lakh crores. Again, recently, as I mentioned, we got about 10 orders itself in a span of few days in the Northeast totalling to about INR 23 crores.

So highway is again an area where we are going to pitch very aggressively, again, both on bidding mode as well as independent engineers for various. We are doing a lot of work in -- across highways across states, whether it is UP, we are doing a lot of work in Kerala, and as I said, Northeast, across states, we have got a number of highway orders. Similarly, in the metro sector.

You see the metro sector is growing so rapidly across cities, whether it is Tier 2, Tier 1, Tier 3 cities, we have been pitching for a number of bids in metros. And I'm sure metro is another area. City planning; we have recently got the logistic plan, we've got the pilgrim management plan order from Ayodhya. We've got a number of city plans. Most recently, we got the mobility plan for Kolkata.

And then moving forward, again, airport, the aviation growth, such a large allocation in airports, we are doing a lot of work in airports also. So across sectors, we are bidding for these areas as well as pitching to get them on a nomination basis also.

Harshit Kapadia: Anything on DFC or any high-speed train project where things are moving and we are getting some works there?

Rahul Mithal: DFC, we are already a partner. We are a consultant partner for DFC. And for high-speed rail, we keep doing a lot of surveys and consultancy work. We have been doing it. We keep doing it as the requirement comes up, whether it is for FLS, DPR, any particular bridge or any particular tunnel, any particular design. Whether it is from communication work, some signalling work for high speed. So you see we have got strength in each of these areas, whether it is the existing, or future DFCs, whether it is the high-speed railways or even now many semi high speed corridors are being identified. We have already been associated for making some FLS and PFR and DPRs for that.

Moderator: I would now like to hand the conference over to Mr. Harshit Kapadia from Elara Securities Private Limited for closing comments.

Harshit Kapadia: Thank you, Seema. We would like to thank Shri. Rahul Mithal, Chairman and Managing Director, Bibhu Nayak, Director, Finance; Mr. A.K. Singh; and Joshit Sikidar, Company Secretary, for giving us an opportunity to host this call. We would like to all thank investors and analysts for joining for this call. Any closing remarks Rahul, sir?

Rahul Mithal: I just want to reiterate that our company is, as I said, we deliver what we promise, and we at RITES, each of our employees, 2,600-plus employees are very excited by this amazing push in capex for Infra. And moving forward, this is our core strength. We are a consultancy company. This is our core strength, and we will leverage this to our advantage, to tap all possible structure sectors of Infra. Our commitment to our shareholders with this third interim dividend of INR 6 a share, taking it to a total of already Rs. 14.5 for the cumulative of 3 interim dividends for this FY vis-a-vis a total of INR 17 a share for the last FY, we are on track to do our best for our shareholders also. Thank you.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Elara Securities Private Limited, that concludes the conference call. Thank you for joining us, and you may now disconnect your lines.

-End-

Audio file of the conference call is available at:

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