



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

No. RITES/SECY/NSE

Date: March 30, 2021

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
<b>Scrip Code- RITES</b>	<b>Scrip Code- 541556</b>

**Sub: Transcript of the Conference call with analysts and investors**

Dear Sir/ Madam,

Please find enclosed herewith Transcript of the Conference call with analysts and investors held on Wednesday, 09<sup>th</sup> February 2022 to discuss the unaudited financial results of the Company for the third quarter and nine months ended on 31<sup>st</sup> December, 2021.

You are requested to take this information on record.

Thanking You,

Yours faithfully,  
For RITES Limited

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

**RITES Limited**  
**Q3 & 9MFY22 Earnings Conference Call**  
**February 09, 2022**

**Management**

1. Shri Rahul Mithal – Chairman and Managing Director
2. Shri Gopi Sureshkumar Varadarajan– Director (Projects)
3. Shri Anil Vij – Director (Technical)
4. Shri Bibhu Prasad Nayak – Director (Finance)

**RITES Limited**  
**Q3 & 9MFY22 Earnings Conference Call**  
**February 09, 2022**

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**Moderator:** Good morning, ladies and gentlemen. I'm Margaret, the moderator for this conference. Welcome to the Conference Call of RITES Limited hosted by Concept Investor Relations to discuss its Q3 and Nine Months FY22 Results. We have with us today, Shri Rahul Mithal – Chairman and Managing Director; Shri Gopi Sureshkumar Varadarajan – Director Projects; Shri Anil Vij – Director Technical and Shri Bibhu Prasad Nayak – Director Finance. 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 “\*” and “1” on your telephone keypad. Please note this conference is being recorded. And in the interest of time and fairness to all participants, you are requested to restrict yourself to one question per participant. If time permits, you may come back in the question queue. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. I now hand the conference over Shri Rahul Mithal – Chairman and Managing Director. Thank you and over to you, sir.

**Rahul Mithal:** Thank you. Good morning, everybody. Let me begin with the safe harbor statement. The presentation which we have uploaded on our website yesterday and all 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. So, having said that, you've seen our results uploaded on the website and our social media account. And these results are encouraging, the trend of growth has continued. It is in line with the outlook that we gave at the end of Q2 that we are targeting to reach the baseline levels of the pre-Covid. And, all parameters are progressing in that direction. And we are quite confident that with this trend, the Q4 and this year, a complete year, we will be able to touch the pre-Covid levels of FY19-20. With these opening comments, I hand over to the participants for their questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shreyansh Mehta, from Equirus Securities. Please go ahead.

**Shreyansh Mehta:** Sir, one request from me, could you please have at least two questions per participant. Generally, we have a follow-up question. So, it is better we clarify at that point in time, rather than waiting in the queue. So, that's a suggestion from my side. Now, coming to the question. Sir, if you see our export order book, we are roughly at around Rs.600, 650 odd crores which

is pending. And given that we will be executing it in fourth quarter and next year probably Q1. So, is it fair to assume that we will be fulfilling this order then this entire order book will be over by say FY23? And if so, how do you foresee the FY23 revenue and EBITDA margins playing out?

**Rahul Mithal:**

So, very valid point regarding the exports. We have a balance order book of about Rs.675 crore in exports. And as you've seen, we've touched a total cumulative of Rs.700 crore in nine months, we foresee that in the Q4 we should be realizing another about Rs.250-275 odd crore which leaves us with a balance of about Rs.400 crore for FY22-23. Now, with the trend of the shipments going on, I foresee that this should last till somewhere about middle of 22-23. Having said that, the exports as you know are a long-lead line of business and we are aggressively pitching for it now, with the various countries opening up. We are in touch with a number of countries and trying to fructify into an finite order, but yes, it has lead time even after getting the order. So, I foresee that the fresh orders as they mature in the coming months, the revenue realization would start coming in by maybe end of 22-23. However, that concern of yours regarding the impact on the top line and the margins will be more than taken care of by our current order book which is around Rs.5100 crore as you've seen and of that, about Rs.2200 crore is on consultancy and Rs.2000 is on turnkey which are progressing very well. And we are more than confident that the gap, if any, in the few months for the export segment will be taken care of by these two segments.

**Shreyansh Mehta:**

Sure. So, just to clarify sir, even assuming that we get some orders from exports and if that comes under execution by Q4 next year, but, there might be some growth in execution but how will the operating margins play out because turnkey will be comparatively lower margin business as what exports is?

**Rahul Mithal:**

So, as I said you're right in saying that turnkey has lesser margins than exports but consultancy has got definitely much higher margins than exports. So, as I said, since you have a strong order book of about Rs.2200 crore as of now itself and we are continuously getting orders, in the last quarter we got fresh orders of around Rs.300 crore. So we are more than confident that we will be able to maintain both the top line and bottom line at least at the FY21-22 level and then aim for higher as the quarter progresses.

**Moderator:**

Thank you. The next question is from the line of Lokesh Manik from Vallum Capital. Please go ahead.

**Lokesh Manik:**

Sir, the first question was on the consultancy order book. So, pardon me if I'm wrong. This looks like the first quarter where we have not been able to add orders in the consultancy segment. Given that, last quarter the outstanding order book was close to Rs.2500 crore and today we are at Rs.2200 crore. So, this was just a concern at my end if you can address that, how do we see growth coming here...that was one. And second, sir in the last few calls you

had also giving your vision in terms of driving the organization more from an IT perspective. So, any progression and any update on that front, if you can share would be great sir.

**Rahul Mithal:** So, the first part of your question regarding the consultancy, while you can see as I said a breakup of about Rs.2200 crore in consultancy. We have got fresh orders of a total of Rs.300 crore in the last quarter and a large portion of that is consultancy also. So, orders have been coming in and a number of these are in the pipeline which will mature in the coming Q4 as well as the next Q1. So, the second portion regarding the IT. As, I mentioned after the last quarter, we have been aggressively working on making IT as a revenue-earning vertical of ours rather than basically our service vertical. So, a lot of options are being explored including partnerships with various prospective people who can complement our domain strength, so that we can aggressively take part both in consultancy as well as execution projects of IT both in domestic market as well as the outside market. So, you will be seeing some progress in the coming quarters in the revenue realization from our IT vertical.

**Lokesh Manik:** So, sir just a clarification, this opens up a new stream of, so this opens up a new market for us or it complements the existing market and helps us gain more market share?

**Rahul Mithal:** IT can be seen as complementing my existing verticals per se, because we have a very strong urban engineering and sustainability vertical, and we are doing city planning and smart city planning. So, as you can understand, IT is the underlying current and underlying thread which binds all my smart city planning, my logistic planning, port planning and so on. IT would be supplementing all this as well as maybe some independent IT consultancy works also.

**Moderator:** Thank you. The next question is from the line of Dixit Doshi from Whitestone Financial Advisors. Please go ahead.

**Dixit Doshi:** A couple of questions one, in terms of turnkey, what would be the execution timeline for this Rs.2100 crore order book?

**Rahul Mithal:** So, the turnkey projects normally take about, on an average, three years to about four years because they involve issues like land acquisition, contracting and things like that. As I mentioned, if you remember in my last Q2 call, the second phase of most of the turnkey projects has now started post the second wave of Covid and now in Q3, they are progressing very well as the restrictions are getting relaxed and by Q4 and Q1 of next FY, they will start incurring more and more revenue. So, these as I see happening, the existing order itself of about two to three years and in any case, fresh orders would keep getting added.

**Dixit Doshi:** Okay. And in terms of margins in the turnkey, earlier we were guiding it around 3% to 4% margin, but this quarter it was hardly anything we have earned. So any comment on there; is it because of the input price increase or while there was no profit?

**Rahul Mithal:** No, it is not because of any cost increase, turnkey is a low-margin area. Normally, it's in the range of about 2% to 2.5%. But, as I said, because the second phase of most of our turnkey projects has started getting executed in the last few months, the revenue realization of this will start coming in the coming months as I indicated even in the Q2, however, as you see because the cost already start getting incurred. So, you have seen a temporary dip in the margins for Q3 per se, but it would even out in the coming quarters.

**Moderator:** Thank you. The next question is from the line of Arafat Saiyad from Reliance Securities. Please go ahead.

**Arafat Saiyad:** Sir, my first question is again on prospect opportunity, would you like to see next couple of years and how would RITES be benefit from them, if you can guide me broadly on that?

**Rahul Mithal:** So, interesting question and we would like to share with you that, we are diversifying into a number of areas which will consolidate our existing lines of business. So, from the 1st January of this year we are transforming to green, transform to green in all our activities whether it is the DPR or the consultancy. So, we started a consolidated and as the new vertical called Urban Engineering and Sustainability. So, this is a very interesting area. We already got lots of projects here; we've entered into partnerships with some known entities, where we are targeting the new areas of renewables, this carbon reduction and all the new areas which are coming out of the new policy, especially after the COP26. So this is one another big area where we foresee a lot of growth in the coming years. Another big area is the metro. So metros, we have already been doing both domestic about 11-12 states and now internationally also, we did the Mauritius Metro. We are going ahead with the phase two of that. We recently got the order last month for the Baharian Metro consultancy. And along with partnerships, we are aggressively bidding for both domestic and international Metro projects. So this is again another area where I see a lot of growth for us in the coming years. So these new areas, and I mentioned IT some time back, smart city planning. I foresee a lot of growth to complement our existing lines of business.

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

**Harshit Kapadia:** So, just wanted clarification, you mentioned that you would be hitting pre-Covid level in FY22, of FY20 numbers if I am missing that then you are suggesting that the Q4 number may see a revenue decline, now that you have also highlighted the export revenue to be around two and a half or Rs.250 to Rs.275 crore so either consultancy or turnkey construction business may see a decline. Is that something a clear understanding, just need clarification on that?

**Rahul Mithal:** No, I wouldn't put it that way. As you see, our baseline target is to reach the pre-Covid levels. And as of nine months ending, if you compare all the parameters whether it is the operating revenue, we are in the range of Rs.1800 crore, whether it's the core EBITDA we are in the

range of Rs.450 crore, whether it's the core EBITDA margins we have a 24.6%. So, the point is that, we are on track to our target of reaching the FY19-20 pre-Covid levels, the actual revenue mix, or the individual contributors in Q4 may vary depending on the state of each of these segment projects. But as an overall, we are targeting to reach both the top and bottom lines of the 19-20 levels at least.

**Moderator:** Thank you. The next question is from the line of Umang Shah from Sharad Capital. Please go ahead.

**Umang Shah:** Sir, if you could give the total debtors outstanding as of December'21 and the Sri Lanka exposure out of the same that would be great.

**Rahul Mithal:** Yes, I have Mr. Nayak my Director Finance; he will give the details of the debtors. Just a minute, he will give you the figures. Sri Lanka project is progressing well. Both the Mozambique and Sri Lanka export projects are progressing well as I said about Rs.675 crore is the total export balance, both combined. And I foresee it to be coming up till the Q2 of next year.

**Umang Shah:** Sir, the situation in Sri Lanka is quite bad right now.

**Rahul Mithal:** We are well on track, so Mr. Nayak will give you the debtors' figures.

**Bibhu Prasad Nayak:** The trade receivable as of 31st December stands at Rs.607 crore and most of the receivables from Sri Lanka we have already realized and we have also realized part of the export outstanding from Mozambique .

**Moderator:** Thank you. The next question is from the line of Chintan Sheth from Sameeksha Capital. Please go ahead.

**Chintan Sheth:** I joined late on the call if you can highlight the pipeline on orders, because we recognize there are around Rs.900 crore of orders this quarter. So, how should we look at order pipeline going ahead and any guidance on the order inflows if you can share? And second is on the consultancy, if I may the run rate is still very slow. If you look at sequential growth, it's slight in the consultancy revenue side if you can guide on that part, why we are taking a little bit longer time to recover in the consultancy, that's all. Thank you.

**Rahul Mithal:** So, the orders we got in the current quarters are of around Rs. 300 crore and which makes it a total cumulative of Rs.1630 crore orders that we've got in this FY. As against Rs.1841 crore which we got in the entire financial year last year. So, it shows that we are well on track. Even within nine months, we've got an orders comparable to the range of the entire last year. So, we are well on track... many areas, as I said, including the new diversified area which we are aggressively pursuing, are well on track and for the existing order book Rs.5100 crore,

Rs.2200 crore is in consultancy; Rs.2000 crore odd is in turnkey and about Rs.675 is in exports. So, this is quite a solid order book and as I said this will only grow in the coming quarters. The concern regarding consultancy, I don't think it's supported by numbers because the consultancy has been growing and has been going well, the margins have been also comparable, in fact to the 19-20 levels. So our core consultancy margins, which were in the range of about 43% last in 19-20, they are in the same range. So the margins of consultancy and the progress have been doing quite well.

**Moderator:** Thank you. The next question is from the line of Jainam Shah from Equirus Securities. Please go ahead.

**Jainam Shah:** So, first I wanted to just get a clarification about this one-time expense of this inventory provisioning. So, I guess it will be related to the export segment results right, because it is part of inventory...it's a Rs.15 crore expense?

**Rahul Mithal:** Yes. So this is an unfortunate incident, one of our locomotives which we were exporting to Mozambique got damaged at the port. So we've made provision as a good accounting practice for the entire cost. We've started the insurance claim proceedings. And as this insurance claim matures, we will hopefully get some kind of set off in that.

**Jainam Shah:** So, sir basically if you see the consultancy margin, it is at around 39% whereas in historically, it is ranging between 45%-50%. This is the only quarter where this has fallen below the 40%...even during last quarter, it was at 43%. And before that, it was ranging between 45% to 50%. So, any specific reason to that like, just like turnkey the revenue will be recognized going forward or is it because of cost optimization. So what will be your guidance for the upcoming years? Will it be ranging below 40% or it will be back to 45% to 50%?

**Rahul Mithal:** As I clarified that the nine-month ending consultancy margin as of this year is 42.3% which is comparable to the 43% of FY19-20 level. So, it's safe to assume that this is the level which we have been operating at, this is the level which we will normally come to operate on in the coming quarters.

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

**Kunal Sheth:** I just needed one clarification. So, we mentioned that we are targeting to reach the pre-Covid level. So that comment for this year was pertaining to the consultancy segment or the overall revenue that we were talking about?

**Rahul Mithal:** So as I mentioned, and I clarified with figures, if you see our operating revenue is Rs.1812 crore which is comparable to the operating revenue Rs.1848 crore nine months ending 19-20, our core EBITDA is also in the same range about Rs.450 crore, our core EBITDA margins are in



the same range 24.6%. So, that's why I said we are on track the pre-Covid levels of 19-20 and company as a whole, we are working on not 2021 as any base year, we are working at FY19-20 as a base year to reach at least that level and try and see how far ahead we can go of that.

**Kunal Sheth:**

Sure. And sir related question is pertaining to consultancy, from whatever base we end up at this year what should be a steady state number one should assume for the next three, four years in terms of consultancy given that we are working with various new avenues to broaden our end market.

**Rahul Mithal:**

See, consultancy out of the Rs.1800 crore which is there in nine months, the consultancy revenue has been about Rs.700 crore. So, that is roughly about 1/3 of the total and we would continue to be in that range. In fact we will be, as you correctly said, the new areas coming up which we are trying to target, I foresee a growth into consultancy rather than stagnating at that level. There are a lot of exciting opportunities, the new budget has thrown up a lot of opportunities Rs. 5 lakh crore of the allocation is in areas which are of interest to us whether it is railways, roadways, Jal Shakti or the Housing and Urban Affairs Ministry. So, the consultancy out of the existing order book of Rs.2200 crore is, in any case, going to grow. Whatever gap, if any or few months which may be there, because exports are a long-lead revenue realization segment, will be more than taken care of both maybe consultancy and then turnkey in the coming FY.

**Moderator:**

Thank you. The next question is from the line of Prashant Gopal from Stock Fund Managers India Private Limited. Please go ahead.

**Prashant Gopal:**

So, there is a reference to the company removing a few orders from the book due to non-starter status. So, is that cleanup complete or will it happen again next quarter and one more. So, the order pickup is not in sync with the Government of India spent on railways, is there any lead or lag to that. Thank you.

**Rahul Mithal:**

So, this is a normal, continuous exercise which we keep doing; reviewing our ongoing orders, which may be a nonstarter in terms of not realizing revenue for a substantial period of time for various reasons. It could be across segments. So, this is a continuous good accounting exercise practice that we do. And we've done that in this quarter. And, obviously, immediately having done this right away in this quarter, I don't foresee it happening in a major way. However, as far as your second question is concerned, I don't foresee your apprehension in terms of our revenue or profits not in sync with the railways' allocation, we are doing a lot of work across the railway segments both whether it is for Indian Railways as a client, whether it is in turnkey, consultancy or in exports, we are also doing a lot of railway projects in various steel plants, coal fields or ports. So, this is a continuous process, it is that we are going to consolidate in the coming years in our existing lines of business so that we can see more areas of growth, besides our conventional lines of revenue.

- Moderator:** Thank you. The next question is from the line of Vishal Periwal from IDBI Capital. Please go ahead.
- Vishal Periwal:** Continuing on this order inflow that you mentioned in order book. So, Rs.300 crore orders that we received it are from which segment? and second, this order book that are probably orders that have got cancelled from which segment, it is cancelled?
- Rahul Mithal:** So, if you have been analyzing our figures are broadly, our turnkey does about 25% to 30%, our consultancy does about 35% odd, our export does 35% odd. But yes, this Rs.300 crore doesn't have any fresh export order. So, it is split between consultancy, leasing and turnkey. We are getting in fact the tilt is towards consultancy, we've got a lot of consultancy orders in this and this adds up to the Rs.1600 crore orders which we've got in the nine months of this year. What was the second supplementary thing which you asked?
- Vishal Periwal:** Yes, so in this the order book we have seen it has gone down so this order cancellation is from which segment?
- Rahul Mithal:** As I answered to the previous question, this is a continuous exercise covering all the segments. It is not any particular segment per se, it is a continuous exercise across all segments, but it is primarily tilted towards the turnkey because turnkey projects per se in their nature of orders and revenue realization have issues like land acquisition, have issues like contracting then certain contracts may be run into arbitration. So, those kinds of issues come up a little more in turnkey. So, as a part of this continuous regular exercise, normally this trend is more in the turnkey area. Consultancy, and exports normally don't result into short closing of orders. Turnkey orders also result in short closing because the client would have, may be, ordered for X amount of work and after execution, may find that this is enough and they short close the order with a reduced scope of work.
- Moderator:** Thank you. The next question is from the line of Shreyansh Mehta from Equirus Securities. Please go ahead.
- Shreyansh Mehta:** Sir just wanted an update on the CAPEX for nine months what we've done, what is for Q4 and what is for FY23. And if possible, if we can have a break-up in terms of, how much for REMC Ltd,for corporate office and stuff?
- Rahul Mithal:** So, our CAPEX target for this year is about Rs.100 crore. We have done a cumulative of Rs.98 crore already, we are primarily an asset-light company, we are a consultancy company by design, by structure. So, our CAPEX expenditures are not very large and REMC Ltd is a separate subsidiary. So, in any case, our CAPEX total is Rs.98 crore and we have already reached most of the CAPEX targeted for this year. I don't foresee any big CAPEX coming forth in the coming FY also.

- Shreyansh Mehta:** Sure, sir. Because, earlier we had some CAPEX lined up for our corporate offices as well as for REMC Ltd, so just wanted to clarify on the same.
- Rahul Mithal:** Both have very minimal CAPEX, we are not really a CAPEX company, we are an asset-light company. I said Rs.100 crore we have more or less reached, and I don't see any big FY22-23 CAPEX targets for CAPEX expenditure, any major CAPEX expenditures.
- Shreyansh Mehta:** Okay. Nothing towards the solar as well, right?
- Rahul Mithal:** As I said, I clarified very clearly that I don't see any major CAPEX plan for FY22-23.
- Moderator:** Thank you. The next question is from the line of Uttam Kumar Srimal from Axis Securities. Please go ahead.
- Uttam Kumar Srimal:** Sir, what kind of revenue we are targeting for REMC Ltd in FY 23?
- Rahul Mithal:** So, I must say that REMC Ltd has done extremely well. If you see the figures in the nine months ending December, we've already touched Rs.70 crores as the revenue and PAT of Rs.33 crore which are comparable to nearly the full year of preCovid levels. In 19-20, the revenue (operations) was Rs.78 crore and the PAT was Rs.35 crore so, in nine months we are comparable to that. So, I see our REMC growing in a healthy way and with this trend, I foresee surpassing 19-20 levels in a big way and also in the coming FY22-23.
- Moderator:** Thank you. The next question is from the line of Harshit Kapadia from Elara Capital. Please go ahead.
- Harshit Kapadia:** I just wanted to check from the employee front, the strategy has been that we have lowered the number of employees and we are looking at people working more on deputation, but if we look at last year as in the first nine months, the employee cost has risen substantially. So, is there a change in strategy over here or are you getting more work in future... so we are already taking more employees on this, I just wanted to have some understanding on that?
- Rahul Mithal:** In fact, your figures seem to be slightly different if you see the revenue per employee or the operational profit for employee. We have been on an upward trend, in fact to give you the actual, in the 2021 in the nine month ending, we had reported operational profit for employee only nine lakhs. Whereas in this year, we've already touched Rs.15.4 lakh, which is even comparable to pre-Covid level of nine months. Even the revenue per employee in the nine months ending this year is Rs.65 lakh per employee, which in the pre-Covid levels, nine months was Rs.63 lakh per employee. So, we are constantly working and there is a mix of regular, deputationists and this is a constant mix, which is need based or based on the kind of orders and the projects we get. But yes, as an overall picture, both in terms of the operational revenue per employee as well as the operational profit per employee, we have already gone

ahead of the pre-Covid levels and we will continue to maintain this trend in the coming quarters, in the coming FY.

**Moderator:** Thank you. The next question is from the line of Rohan Samant from MultiAct .Please go ahead.

**Rohan Samant:** So, just wanted an update on whether the quality assurance would be covered under October railway board circular regarding opening-up of tendering to private competition?

**Rahul Mithal:** I'm not very sure, how it pans out. The circular says in general, whether it apply to QA time will only tell. As of now we are more than equipped to, we have already got lot of orders in a number of places on competitive basis for our QA wing and we are more than confident that with our expertise and our experience and also our competitive edge in the financial portion of our bid, we will take this as more of an opportunity rather than as a challenge. So, we will be more than confident, as it pans out, to tackle as it comes.

**Moderator:** Thank you. The next question is from the line of Vishal Periwal from IDBI Capital. Please go ahead.

**Vishal Periwal:** Just continuing with the previous participant, you mentioned the CAPEX in FY23 will be negligible since your consultancy. So, when you said CAPEX, it includes both your investments and CAPEX right?

**Rahul Mithal:** So, it is primarily CAPEX and CAPEX also includes if you do some major investment into your subsidiary that is the-per-se definition of CAPEX for the holding company. And, as of now, the general principle of a consultancy company and as you've seen past CAPEX figures also they have been in the range of about Rs.80-100 crores only. So, that is what I mean by, not a very large CAPEX.

**Vishal Periwal:** So then solar plant that proposal that we are used to communicate to the investors in previous quarters like 1000 megawatt, 1300 megawatt, then it was like a bit of change so, there is no major CAPEX that is happening on that part?

**Rahul Mithal:** As of now it is still in work in progress, and we'll see how it pans out, how much it entails CAPEX for us, and by the end of this FY, we would be able to give you clarity on the CAPEX plan for FY22-23. Having said that, as a general while I reiterated as a general guideline, we are not really a very CAPEX-intensive company. So these, even if you see the past trend, this is a very minimal amount of CAPEX

**Vishal Periwal:** No, that's pretty commendable reason is like, we are consultancy and we are not like loading up our balance sheet. So, that will be taken positively by the investors if we are going in that direction. Thank you so much.

- Moderator:** Thank you. The next question is from the line of Uttam Kumar Srimal from Axis Securities. Please go ahead.
- Uttam Kumar Srimal:** Sir we have a turnkey out of the Rs.2081 crore. So, what kind of revenue we are foreseeing in FY23 from turnkey segment itself?
- Rahul Mithal:** As I mentioned turnkey contributes roughly about 25% to 30%, traditionally once you see over a sustained period of time and a longer period, say maybe six months or a year because if you see a particular quarter then maybe as I said in Q3 or Q2, the revenue realization of turnkey was less, but as a whole, the turnkey normally contributes about 25% to 30% of our top line and with this Rs.2100 crore of the order book, I see that it's substantial, given a guidance that we will reach at least are 19-20 levels in 21-22 and grow further in 22-23. It would be in that range of the total topline turnkey would contribute to that.
- Moderator:** Thank you. The next question is from the line of Jainam Shah from Equirus Securities. Please go ahead.
- Jainam Shah:** So sir basically, if we see our export revenue in last four to five years so it was ranging between that Rs.200 crore or somewhere in FY21 we were not able to record major revenue because of this Covid pandemic and this shipment issues and if we see the upcoming year thing that will be executing somewhere around Rs.400 crores from current export order in FY23. And there is no major order on hand and in our books and if we see in the past then there is no major export revenue in our overall revenues per se, and if we take this consultancy at around Rs.1000 or 1100 crore and this turnkey at around Rs.700-800 or even Rs.1000 crore. So, our revenue from the FY22 level will be in the similar range for FY23 and if we talk about the margin and export margin which is contributing at around 25% as against the increasing share of this turnkey segment would be hedging on overall EBITDA margin. Is this understanding correct?
- Rahul Mithal:** So, first let me go step by step so, you asked three things linked to each other. First is that, export we've done the highest ever in the nine months, we have touched Rs.700 crores. So, this year with the balance Q4, as I said earlier, and other about Rs.250 to 275 odd crores we would touch the highest in the recent few years. Yes, the balance about Rs.400 odd crores would spill over to the next year. And, also we are aggressively working on a number of fronts on export leads in various countries. As I said now international travel and countries opening up, we have been having a lot of interaction, I'm sure that in the coming months we should be able to get some export orders afresh, but as you correctly said by the basic design export segment is a long-lead segment - from the time the order matures till the time the revenue realization happens it is a long lead. So, having said that, however with our Rs.2200 crore of consultancy in our order book of Rs.5100 crores the gap is any in the FY22-23 will be more than made up by the consultancy and the Rs.2100 crores order book of turnkey. The consultancy by itself has a much higher margin than the export wing. So, whatever gap if any

in few months, which will be there from revenue realization from the export wing would be more than taken care of by the revenue and the margins by the consultancy segment. So, as an overall in 22-23, we are aiming for growth and improvement as the quarters span by.

**Moderator:** Thank you. The next question is from the line of Parimal Mithani from Credential Investments. Please go ahead.

**Parimal Mithani:** I just wanted to mention in your concall the opportunity being presented by the budget, if you can address what's the opposite size first, and how do you see the company mix it will be much better for us since the CAPEX, what will be around the CAPEX?

**Rahul Mithal:** Thank you, these are very interesting and exciting times for us, especially this post budget. We did an analysis of the opportunities for us and we found that there is allocation of around Rs. 5 lakh crore for few major Ministries which are of interest to us. Out of that about Rs. 2 lakh crores is for the ministry of roads and highways, which includes, now you must have heard, the new ropeway plan, which is under the Ministry of roads. We have been doing a lot of work in ropeways, I see this is another big opportunity. About Rs.1.5 lakh crores is in the railway segment, which is our traditional line of business in any case, and interestingly, there is about Rs.85,000 crores in the Jal Shakti ministry and about Rs.80,000 crores in the Ministry of Housing and Urban Affairs. Now, both these sectors we have been doing lot of work and we are aggressively consolidating these verticals whether it is smart city plans, mobility plans, the traffic studies. So, recently we got the order for for the smart city plan for Chandigarh, then Jal Shakti we are doing a lot of work in water segment, renewables, water recycling. So, I see a lot of opportunities in the coming years especially in these new-age verticals, besides our traditional lines of business.

**Parimal Mithani:** And sir this is mainly across consultancy that you see or it's including turnkey also?

**Rahul Mithal:** Both. So, you have seen in our past trend, we have a healthy mix of turnkey and consultancy and we will continue on a case-to-case basis to target both consultancy and turnkey in all these sectors.

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

**Harshit Kapadia:** Just a follow-up question on the opportunity, any opportunity from the large size segment that we have been talking about on the DFC, on the high speed rail, semi high speed trains and two suburban railway upgradation that has been planned, so any color on that will be really helpful.

**Rahul Mithal:** So, in fact we are already doing a lot of work with DFC. We have a running contract with DFC we are doing a lot of work with them, we got last year an order from Haryana Orbital. So, we

are doing that, and with more and more in this model being encouraged by the government in various states these orbital railways, suburban railways, including high speed and semi high speed, we've got the consultancy project for that. So, we are doing a lot of work in that, in fact recently we got the order for the transaction advisory for the Bangalore suburban railway project also. So, we see a lot of opportunities in the coming months and years in these areas as more and more states delve into these areas of orbital railways or short length suburban railways.

**Harshit Kapadia:** And how the competition landscape in the consultancy portion of the business, has it increased or is it remained stagnant or?

**Rahul Mithal:** That's a very general question, competition is always there, and we are always ready for competition with our past and our domain strength and our policy of being partnering wherever it is required on a case-to-case basis, on complementing our bench strength and our domain strength for aggressively bidding for new areas we have been working on. You must be following us in the last month or so we've had a number of partnerships and MOUs across various sectors. With this, I take this competition as a good healthy sign for us to improve even further.

**Moderator:** Thank you. The next question is from the line of Sanjay Doshi from Nippon India. Please go ahead.

**Sanjay Doshi:** I have more focused on the overseas business. One is your export business has been quite volatile. As you mentioned, it's a good long lead time project business. But do you see, the kind of effort you have made in coming out with standardized and more customized products for different markets and entering new markets. Can this become a very sustainable annual Rs.500 to 1200 crore kind of revenue on a three, four year basis?

**Rahul Mithal:** Yes, in fact as I mentioned as in the last few months, the international travels and the interaction is opening up more, we have got a lot of interest from various countries In fact, the customization model of ours like we did for Mozambique it has got a lot of response. Even during the recently held IREE, we got a lot of positive response from various overseas clients. So as you correctly mentioned in the export segment revenue, there is a certain lead time. In some quarters, it may see dip in terms of revenue realization and in some quarters, or maybe half yearly, it may see a upswing when the revenue actually gets realized after shipment. But on a sustained basis, yes as seen over a longer period I see the export business to grow in a substantial way more so with the success of this customized way which we have done and commissioned, and it's being running very well in Mozambique.

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

- Viraj Mithani:** I had one question sir, now we are broadly, if you talk about 20 levels, we are on a Rs. 2500 crore revenue. And if I had to ask you in the next three, four years what growth rate we can foresee, since you think there is so much of the opportunities, just a general ballpark figure would be okay, I don't want exact figures. On the growth rate in next coming three to four or five years.
- Rahul Mithal:** As I said that, this year we will reach FY19-20 and then FY22-23. As I mentioned, there would be maybe a certain dip on a quarter for some export revenue, which we will make up with the consultancy and turnkey. But on a general long term, we see a very healthy growth. So, I don't want to speculate, but whatever you feel is the healthy rate of growth, we will be... I can only say with this aggressive diversification in new-age areas that we are doing and we are getting a lot of positive response in areas of sustainability, environment, recyclable, renewable energy, smart city planning, you can see in the coming quarters, you will see definitely a more bigger growth trajectory, but it's not be fair to me to restrict to either a very high number or a very low number for a three to five years because that is speculative. Let our work speak for itself in the coming months. And you will see more and more new area orders coming up.
- Viraj Mithani:** So, it will be fair to assume double-digit growth rate on top and bottom line?
- Rahul Mithal:** As I said, I wouldn't like to speculate that these are just speculative numbers.
- Viraj Mithani:** Okay. And sir my one more question what is the cash in the balance sheet, our own cash would be sir?
- Rahul Mithal:** So, you are asking a second question but just to incase our cash on hand is around Rs.80crore.
- Moderator:** Thank you. The next question is from the line of Umang Shah from Sharad Capital. Please go ahead.
- Umang Shah:** Sir, previously we've had some problems with respect to collection receivables from Mozambique. So when you're exporting right now, how do we make sure that we don't have any reasonable issues?
- Rahul Mithal:** The issue has been sorted out well and now both our export realization from Mozambique and Sri Lanka is well on track, all those nitty-gritties have been sorted out and I don't foresee any major holdup in the trade receivables from our export tech front.
- Umang Shah:** And sir how much credit period do we give them?
- Rahul Mithal:** Pardon me?
- Umang Shah:** How much credit period do we give to these buyers?



- Rahul Mithal:** That varies from contract to contract. So, I would like to make a generalized statement. It varies from order to order.
- Moderator:** Thank you. The next question is from the line of Lokesh Manik from Vallum Capital. Please go ahead.
- Lokesh Manik:** Just one question, the recent MoUs that we have done, what is the revenue opportunity that we see from the contract or the revenue if you can just share some guidance?
- Rahul Mithal:** No, so each of the MOUs which we have done recently have been very well thought of and fit into our master plan and our strategy for long-term growth and our basic strategy of future ready and trying to do 'not just more of the same, but much more of the new'. For each of these MOUs, whether it is with BEML, for metros where we are doing aggressively bidding for a number of domestic and international projects, whether it is like for consultancy, whether it is IIT Roorkee, CSIR or AITD, all of these are going to mature into revenue definitely in the coming months because each one of them whether they have a certain sector in which they operate on, they will complement our strength whether it is in the consultancy, whether it is in the export, whether it is in turnkey, and each one of our partnerships and MOUs have been strategically thought of in the overall game plan forward.
- Lokesh Manik:** And this is long term in nature?
- Rahul Mithal:** Obviously, MOUs and agreements are based on a long-term horizon. However, they vary, the time period varies from case to case for each MOU depending on the comfort level of both partners.
- Lokesh Manik:** So, these are not project-specific MOUs, these are long term?
- Rahul Mithal:** MOUs are to be jointly complementing each other's strengths, and taking part in opportunities both domestic and international.
- Moderator:** Thank you. As there are no further questions and I hand the conference over to the management for closing comments.
- Rahul Mithal:** Thank you, each of the participants for their questions and the entire management is here with me. We again assure you that the trend as you've seen in Q3, we will be committed to maintain this in the coming quarters. And I'm sure that with the opening up of the economy and the restrictions, we are definitely going to capitalize on the opportunities which come up especially including the opportunities which, as I said, have been thrown up in the current budget also. Thank you.
- Moderator:** Thank you all for being a part of this conference call. If you need any further information or clarification, please send an email to [investors@rites.com](mailto:investors@rites.com), [gaurav.g@conceptpr.com](mailto:gaurav.g@conceptpr.com). Ladies



and gentlemen, this concludes your conference call for today. Thank you for using Chorus Call conferencing service. You may disconnect your lines now. Thank you and have a pleasant day.

**-End-**

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