



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

**No. RITES/SECY/NSE**

**Date: August 04, 2023**

To Listing Department, National Stock Exchange of India Limited, Exchange Plaza, C-1, Block G, Bandra - Kurla Complex, Bandra (E), Mumbai – 400051	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 held on July 31, 2023**

Dear Sir/ Madam,

Please find enclosed herewith Transcript of the Conference call with analysts and investors held on Monday, 31<sup>st</sup> July, 2023 to discuss the unaudited financial results of the Company for the quarter ended on 30<sup>th</sup> June, 2023.

This is for your information and records.

Thanking You,

Yours faithfully,  
For RITES Limited

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

**Transforming to GREEN**

कॉर्पोरेट कार्यालय: शिखर, प्लॉट नं. 1, सेक्टर-29, गुरुग्राम-122 001 (भारत), **Corporate Office:** Shikhar, Plot No.1, Sector-29, Gurugram-122 001 (INDIA)  
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**CIN: L74899DL1974GOI007227**



“RITES Limited  
Q1 FY '24 Earnings Conference Call”  
July 31, 2023



**MANAGEMENT:** MR. RAHUL MITHAL – CHAIRMAN AND MANAGING  
DIRECTOR – RITES LIMITED  
MR. B.P NAYAK – DIRECTOR OF FINANCE – RITES  
LIMITED  
MR. A.K SINGH – DIRECTOR PROJECTS – RITES LIMITED  
DR. DEEPAK TRIPATHI – DIRECTOR TECHNICAL – RITES  
LIMITED

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

**Moderator:** Good morning, ladies and gentlemen. Welcome to the RITES Q1 FY '24 Earnings 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. 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. Thank you, and over to you, sir.

**Harshit Kapadia:** Thank you, Lizann. Good morning, everyone. On behalf of Elara Securities, we welcome you all for Q1 FY '24 Earnings 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. B P Nayak, Director Finance; Shri. A K Singh, Director Project; and Dr. Deepak Tripathi, Director Technical. We will begin the 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, everyone. Let me start with the safe harbour statement. The presentation and the press release, which we have uploaded on stock exchanges and our website on Friday, and all discussions during the call today may have some forward-looking statements. These statements consider the environment we see as of today and obviously carry a risk in terms of uncertainty because of which the actual results could be different and we do not undertake to update those statements periodically.

Let me give you a brief overview of the Q1 results. Let's start with breaking down the results of Q1. When we started this FY, our strategy was to minimize the impact of two challenges, one was our export stream revenue; and the other was the changed dynamics in the QA, that is the inspection stream of business, and both streams had an

impact. The export stream had an YoY impact of about INR16 crores on our profit. The inspection stream of business had an impact of about INR10 crores on our profit YoY. In the inspection stream, we built up on our new client base, and we also rationalized the cost to minimize the impact to the extent possible.

As a strategy, we aggressively pursued efforts on expediting the high-margin project consultancy orders to minimize the impact to the extent possible, and the domestic project consultancy (excluding QA) revenues showed a 10% year-on-year growth. We could sustain the margins in the overall consultancy at about 44%. And this, along with an increased profit of about INR10 crores in our subsidiary REMCL could minimize the impact to a drop of about INR19 crores in the EBITDA, while still being able to maintain our core EBITDA margins at 29.6%, and PAT margins of about 21%.

So with this broad overview of the Q1 performance, I leave the floor open for questions.

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

**Dixit Doshi:** My first question is regarding the export business. So in the presentation, we have mentioned the export order book of INR56 crores, but I assume that we have received 2 orders of 1 Zimbabwe for around INR850 crores and Mozambique, around INR500 crores. So broadly, what is the order book, as of today if you can elaborate? And also, the execution timeline and by when this will start flowing into the revenue, how much time the designing phase will take if you can explain a bit?

**Rahul Mithal:** So our order books at exports stands at INR56 crores. As far as the NRZ, National Railway of Zimbabwe order is concerned, this was an agreement signed between RITES and NRZ during the IndoAfrican CII Conference a few months back. And that had a condition, as we declared to the stock exchange that the formal LOA will get released on approvals of their requisite funding. So that's why we are not counting it in the

order book, as of now. We are hopeful that the project should fructify soon.

As far as the Mozambique order is concerned, this was a global tender. For 10 locomotives, there was a separate tender, and there was a separate tender for 300 wagons. Both were global tenders, and we have emerged L1 in both of them. So as a mention of good practice, we declared it to the stock exchange with a clear clarification that, the CFM would follow the due process of finalizing the order. So, we are hopeful that they fructify into finite orders in the coming months.

**Dixit Doshi:** Okay. So is it fair to assume that Mozambique revenue will start flowing in from FY '25 and Zimbabwe by when you expect the funding to get sorted out?

**Rahul Mithal:** So as far as Mozambique is concerned, we haven't still got the order, so I wouldn't like to speculate on when and what time frame. We are hopeful that this gets converted into a finite order. And as far as Zimbabwe is concerned, we are in touch with them. They have started, and they are also very keen. They are aggressively following the due process of getting the necessary funding approval. So again, it would not be fair for me to speculate on time frame. But I can only say, the efforts, that I've been mentioning in the past investors calls, have seen movements in the positive direction in both these areas.

**Dixit Doshi:** Okay. And one last question. So any more orders or bidding in pipeline for exports?

**Rahul Mithal:** Yes. We have bid across a number of countries, number of types of rolling stock, and we'll keep you apprised, as some developments happen. But this much I can assure you that we are bidding and entering into MOUs and agreements across countries, including global tenders for different types of rolling stock, so as to minimize the impact of this stream of revenue, which you've been seeing for the past few quarters, which is depressing the entire overall bottom line and top line.

- Moderator:** The next question is from the line of Shreyans Mehta: from Equirus.
- Shreyans Mehta:** Sir, congratulations on the export wins. Just to dwell upon the margins, will it be similar to what we've been doing in terms of the exports in FY '22?
- Rahul Mithal:** You see, again, I would not like to speculate or I would not call them wins right now. They are movements in the positive direction, as I clarified in my previous question. And as far as margins are concerned in Expotech, obviously, as more and more, these are becoming competitive tenders, it will be tough to maintain margins at the levels, which have been earlier. But the aim will be to try and keep an overall margin as safe as possible by focusing on other streams of revenue, like, as I mentioned at the outset, my project consultancy revenue, which also has been able to maintain a margin of 44%.
- Shreyans Mehta:** Got it, sir. And sir, secondly, in terms of any guidance for FY '25, if you could want to highlight something on that front?
- Rahul Mithal:** The guidance is that we've to make up for the lost ground, as I mentioned in the opening comments on both side streams of revenue and try and secure the margins to as close as possible at the trends, which have been.
- Moderator:** The next question is from the line of Rahil Shah from Crown Capital.
- Rahil Shah:** My question was on similar lines, like based on current order books what are you expecting in FY '24? How will your revenues and margin shape up, sir, I think if you want to elaborate more what steps are you taking in order to ensure good growth?
- Rahul Mithal:** As you see our current order book, as of 30th June is INR5,700 crores, which is about INR2,700 crores in consultancy, INR2,700 crores in turnkey, only INR50 crores in Expotech, INR150 crores in leasing and about INR100 crores in REMCL. So the focus is on to get some finite orders in Expotech that they start contributing to revenue by the latter part of the FY; two, to be able to blunt the impact of the QA, where the

new rate, which has started cutting in for the railway inspection is about 1/5 of the earlier rate, and this impacts about 60% of our QA stream of business.

So, to be able to garner more clients, we can fill up this lost ground and continue focusing on getting more orders in project consultancy and expediting the execution of the existing orders. With that, I think being a bottom line-driven company rather than a top line-driven company, we would aim to recover lost ground from both these schemes of revenue, which are good contributors to the bottom line, and also maintain margins to the extent possible. Like Q1, we have still been still to keep the margins in the past trend, our EBITDA margins at 29.6% and our PAT margins at about 21%.

**Moderator:** The next question is from the line of Viraj from Jupiter Financial.

**Viraj:** Sir, my question is about your MOU with DNV. Can you throw some more light on that? Like how is going to be benefiting us in terms of growth, in terms of profit top line? If you can give some more colour on that about this MOU you sign with DNV?

**Rahul Mithal:** Yes, for sure. As I mentioned at the outset, we are trying to tap as many new streams of revenue in the QA business to recover the lost ground, which is quite a substantial impact. And while exploring new clients, we've also got the certification for an independent safety assessment, the ISA certification. And with that and with others trying to tap various domestic and international opportunities for QA. DNV, as you're aware, is a reputed international inspecting agency headquartered in Norway and spread across more than 100 countries, including operations in India. So, we will be complementing each other's strength and geographies to try and explore more possible opportunities in the QA business.

**Viraj:** Any quantification in terms of numbers possible right now? Or it's too early, right?

**Rahul Mithal:** It's too premature right now.

**Moderator:** The next question is from the line of Venkatesh Subramanian from LogicTree Investment Advisors Private Limited.

**Venkatesh Subramanian:** Yes. Sir, my question is two-pronged. One is with respect to the project -- the PMC business, you said, you have an order book of INR2,700 crores out of the overall order book of INR5,700 crores, and there's a focus on Expotech. So, 12 months to 18 months down the line, what percentage of your order book would you target, as to be part of exports?

And second thing is other streams of revenue that you think you're looking at, what would that comprise of?

**Rahul Mithal:** Our core strategy is that we are a niche consultancy company, and we have been aiming that our consultancy revenue is aimed to be above 50%. And I must say that this was the first quarter after many quarters, where the contribution of the consultancy stream of revenue to our total revenue was 53%. So, this is in line with our direction and vision moving forward. And we would like to continuously grow on this trend.

The export, as I have mentioned, its contribution has been decreasing over the last quarter because there were no fresh orders. We were executing the old order. As we get some new orders in the coming quarter, the effort will be to get back the export contribution to a substantial amount and replace the turnkey contribution, which normally will be kept in the range of about 25-odd percent of the total pie.

**Moderator:** The next question is from the line of Parimal Mithani from Credential Investments.

**Parimal Mithani:** Sir, I just wanted to know, if you can elaborate in terms of collaboration with DNV, as well as IRFC, if you can throw some light on it, sir? These are the 2 questions.

**Rahul Mithal:** Good morning, Parimal. So IRFC, as you are aware, has been there for many years and doing a lot of investments in the railway area. And we



thought that both IRFC and RITES have lot of strength and which can complement each other. Our collaboration will be for doing the due diligence for them for their investment proposals. And they're looking at us for the prospective areas, where they can look for investments of their funds.

As far as IRFC is concerned, this is in line with the recent MOU, which we signed with PFC. So, both major funding PSUs, felt the strength of RITES for doing due diligence for them and we are looking at them for giving us opportunities for their investment due diligence.

DNV, as I mentioned shortly, is an international reputed inspection agency. In our bid to aggressively make up for the lost ground and minimize the impact on the new orders after the rate cuts in inspection, we are partnering with them to explore new clients and new geographies.

**Moderator:** The next question is from the line of Uttam Kumar Srimal: from Axis Securities Limited.

**Uttam Kumar Srimal:** Sir, currently, we have turnkey order book of around INR2,695. What is the timeline for execution of these turnkey projects?

**Rahul Mithal:** Each project varies. Our experience shows that turnkey projects, based on their execution on an average, some could be about 2 years, or some could be about 3 years, 3.5 years. But an average turnkey project takes about 3 years to be executed.

**Moderator:** The next question is from the line of Shreyans Mehta: from Equirus.

**Shreyans Mehta:** Once these export orders translate into firm orders, what would be the time line for completion of those projects? Would it be 2 years, 2.5 years?

**Rahul Mithal:** So, you see, in general, the Different types of export of rolling stock take different time frames. There are locomotives, DMUs, coaches and wagons. By nature, wagons take the least amount of time, and the maximum amount of time is normally taken by a locomotive and

sometimes by DMU because the DMU consists of 8 to 10 coaches together and the whole has to be exported in one go. So, the time frame could vary starting from wagons for about 9 months to 12 months and about 2 years to 2.5 years on the extreme side for the higher end rolling stock.

**Moderator:** We'll move on to the next question. That is from the line of Viraj from Jupiter Financial.

**Viraj:** you talked about the lost ground in terms of export and QA business. Are we setting any targets, year-to-year for this to achieve, and if you can throw some light on that, like in some number?

**Rahul Mithal:** If you see the contribution of export and QA business for the last 2 FYs, that is '21-22 and 22-23, where post COVID, will give you an idea of the QA average stream of business, what was the revenue, and what we'd like to come back to. The QA business has been giving a revenue of INR300 crores plus normally.

And the export stream of revenue, if you even out, has Rs. 500 crore to Rs. 600 cr. It has given us revenue in some quarters, the aim is that going forward, the consultancy should contribute to the overall revenue by at least 50% and as the export revenue grows up, turnkey should be limited to about 25-odd percent. that's the overall target. Now moving forward, we would like the export business to develop.

**Moderator:** The next question is from the line of Venkatesh Subramanian: from LogicTree Investment Advisors.

**Venkatesh Subramanian:** Sir, my question was on DNV. Since you said they have a huge presence, and we want to explore working with the macro geographies, which means that if there are other infrastructure sectors in the country, other projects that require certification, safety, quality, etcetera, RITES would be keen to collaborate on that front as well?

**Rahul Mithal:** Yes. We are doing inspection across verticals, across projects. As I mentioned that the railway inspection business accounts for roughly

about, which has got impacted by these new orders, 60% of my total QA pie. We would like to grow the other portion, the other clients both domestic and international, so that, we recover lost ground, for which the current rates are about 1/5 of the earlier rate for the railway inspection.

- Moderator:** The next question is from the line of Shreyans Mehta from Equirus.
- Shreyans Mehta:** Sir, could you please help us with the debt and the cash numbers?
- Rahul Mithal:** The cash balance is about INR 900 crores. The exact figure is INR 836 crore, and client funds are separate. We don't count them in cash balance. Client funds as of Q1 is about INR 2,500 crores.
- Shreyans Mehta:** So INR836 crores is our own cash.
- Rahul Mithal:** INR836 crores is our own cash. We don't count the client fund in our cash balance.
- Moderator:** The next question is from the line of Parimal Mithani from Credential Investments.
- Parimal Mithani:** Sir, the MOU with PFC, you will be on a consultancy business, is it safe to assume that, sir?
- Rahul Mithal:** Yes, for sure. Both with PFC and IRFC, this is a mutual win-win situation for both of them and RITES. We would be doing consultancy for their possible investments in various areas of infrastructure. And since we have the wherewithal to do consultancy across infrastructure sectors, we would be doing that for them. And they would be looking at tapping opportunities through us for being able to invest their finances in various areas of infrastructure.
- Moderator:** The next question is from the line of Viraj from Jupiter Financial.
- Viraj:** Sir, this is regarding the last question only. You talked about QA of INR300 crores, any export numbers we would like to put as a target, if you can share that?

- Rahul Mithal:** So, you see the export orders as they mature have different lead times. And as I mentioned and explained in detail, depending on the type of rolling stock, it varies anything from 9 months to 12 months to about 2 years, 2.5 years. So the aim is to have a steady flow, and that is only possible if you have 2-3 orders in hand rather than see cyclical booking of revenue because in export scheme, you can only book the revenue when the shipment actually is shipped out. The aim is to have a steady stream of revenue down the FY over quarter-on-quarter basis rather than the fluctuating revenue. And as we grow on that, the aim would be that exports will replace, as I explained some time back, the turnkey segment of revenue, which we'd like to limit it to 25%.
- Viraj:** Any target in ticket size of the export orders or any one ticket size, we will be looking, as export order then?
- Rahul Mithal:** Okay. Let me clarify again. As I mentioned, about export they are not finite orders right now, and we are only hopeful that they get converted into finite orders in the coming months. Parallely, we have also bid for a number of opportunities and global tenders across continents. We are hopeful that they will be finalized in the coming months. Our effort is to minimize the lead time, so that at least by end of the FY some revenue starts flowing in, in the export stream of revenue.
- Moderator:** The next question is from the line of Dixit Doshi from Whitestone Financial Advisors Private Limited.
- Dixit Doshi:** Sir, one clarification. You mentioned about the QA revenue, the 60% impact on our annualized revenue, so the price has been reduced or the order has been given to someone else?
- Rahul Mithal:** No. Few months back, railways floated a tender and they divided the entire QA business between 4 players, and RITES is one of the 4 players. And in that tender, there is a slabs of fee rate for the different slabs of the orders. If you translate it to an average, the reduction in the rates is about 1/5 of the rate at which inspection was being done earlier. So, there is an impact in terms of being one of the 4 players. So that impact on the top line. And there is further impact that the rate of inspection is

about 1/5, so that has also compounded the impact and it doubled the impact, which is affecting 60-odd percent of my QA business.

**Moderator:** The next question is from the line of Uttam Kumar Simal from Axis Securities Limited.

**Uttam Kumar Simal:** Sir, what is our capex guidance for FY '24 and '25?

**Rahul Mithal:** Traditionally the pattern, which you've seen for the last few years, we are a low capex company, doing about INR100 to INR125 crores capex. We are not a high capex company. We are a consultancy company, and that's the trend that is going to remain.

**Moderator:** The next question is from the line of Viraj from Jupiter Financial.

**Viraj:** Any guidance on REMCL, any thoughts on that?

**Rahul Mithal:** REMCL performed extremely well in this quarter. The revenue grew quarter-on-quarter from INR28 crores last year to INR43 crores. The profit grew by about INR10 crores. And we could declare a dividend of about INR21 crores, that is 90% of the profit. The PAT was about INR24 crores. REMCL has been showing steady growth. Now it's a debt-free company., which it became last FY. It has been declaring very high dividend. So REMCL, moving forward is going to definitely grow. I see this good trend going on.

**Moderator:** The next question is from the line of Dixit Doshi from Whitestone Financial Advisors Private Limited.

**Dixit Doshi:** Sir, in export segment, you mentioned that we are participating in a number of global tenders. Any rough idea you can give that how many tenders -- how much value of tenders we have participated and awaiting the results?

**Rahul Mithal:** I think, that would be speculative. I can only say that let some clarity emerge, as they get finalized. or at least they start getting open. That would be a better stage to apprise. And let's be assured, in terms of

transparency, when any major development happens, with all due clarifications, we'll definitely declare it to the stock exchange.

**Dixit Doshi:** And in terms of consultancy, what are the major projects or opportunities we see in, let's say, next 9 months to 12 months from where the orders can come?

**Rahul Mithal:** You see in consultancy, as I mentioned, we have reaffirmed our core strength and built up on a strong base. This quarter itself, we got about 70 orders totalling to more than INR300 crores, out of that about 60-plus are for consultancy. And the consultancy contribution has been 53% of my total revenue.

The kind of orders, which we have got, just to give you a few examples, we've got the Hyderabad airport line Metro consultancy: the DPR for the Chandigarh Metro, expansion of the Gurgaon Metro—and city mobility plan for the Kolkata City. We have also got a number of ropeway orders for about INR10 crores. Additionally have got 4 different semi-high speed survey orders from railways totalling to about INR34 crores. We've got sustainability orders covering Swachh Bharat Mission 2.0 from MoHUA, apart from orders in clean air pollution, and solid waste management.

So, the point, I'm trying to underscore is that if you see the flavour of the orders, they Our range of orders are across sectors states, ministries, and all the orders that I mentioned are on the competitive mode. Moving forward, we are confident that we will be able to maintain this trend and leverage our strength and tap on the high capex allocation during this budget across sectors.

**Moderator:** The next question is from the line of Shreyans Mehta from Equirus.

**Shreyans Mehta:** Sir, as far as consultancy is concerned, can station redevelopment be a big opportunity for us. And secondly, what's the status of our investments in IRSDC?

**Rahul Mithal:** To answer your second question first, IRSDC, we had a share of 24%. all due processes are being followed in its closure. We don't expect to take any hit from that. All due diligence is being done and it is following due process for closure.

As far as opportunity in station development is concerned, in the last few months, we got an order for the Kollam station development in a turnkey mode. We are doing the Ayodhya station and the Varanasi station, 2 iconic projects. Parallely, we are doing the PMC for various stations. We've also got the consultancy order for the Somnath station.

So moving forward, this is an opportunity. Our focus on station development will be on consultancy, but periodically, we may take some orders on the EPC mode also, but that would be limited. Within the overall pie of limiting our turnkey revenue to not more than 25%. But in terms of PMC in various station development projects across Zonal Railways, we would be definitely bidding, and we are hopeful to get some orders.

**Moderator:** The next question is from the line of Viraj from Juptier Financial.

**Viraj:** what would be your vision on the RITES, 3 years from here? And secondly, some thoughts on sustainable business, which is there for RITES certainly?

**Rahul Mithal:** So as far as answering your second question first, in In terms of sustainability, we started this vertical last year. We found that we had been doing a lot of work in sustainability across our various verticals, which was part of the consultancy, let us say, like highway project or a metro project or a, building project, etcetera. We grouped these sources, tapped into some more resources and formed a dedicated sustainability vertical.

And within few months we have got forays into orders for Swachh Bharat Mission, air pollution and solid waste management, etc. So moving forward, we see this as a very good opportunity. There are large budget allocations from various states and the central government, and

with our experience and our credibility, we will be looking to leverage this opportunity.

As far as vision is concerned, we are clear that we are a niche consultancy company, and we would like to reaffirm that. We will move in the direction of being the go-to consultancy company, both domestic and international and shall continue to grow in that area.

**Viraj:** Any numbers on that, sir, like for 3 years down the line any targets, which you would probably love to achieve it?

**Rahul Mithal:** I wouldn't like to speculate on numbers, but the aim would be to have a healthy growth. We would like to grow in a healthy manner on the bottom line. and as well in spite of the changed ecosystem, where a number of policies have changed and wherein most of the opportunities now are on competitive bidding, we are geared up for that. So while the margins would be under stress, but we will try to secure and maintain the margins. We would like to grow on the trend of investor shareholder value, which we've been maintaining in the last few quarters.

**Moderator:** The next question is from the line of Uttam Kumar Srimal from Axis Securities Limited.

**Uttam Kumar Srimal:** Sir, what was the impact in the quality assurance business in this quarter in terms of revenue?

**Rahul Mithal:** So you see the new orders started cutting in the order. The inspection calls, as per the reduced rate started cutting in from this quarter. And this impact will only grow, as the old inspection calls as per the old inspection rates are now nearly over. This quarter itself, if you compare Y-on-Y, the impact on the revenue has been INR15 crores and the impact on the profit has been about INR10 crores. So while the new rates were cutting in, we parallelly took action to build up on the other client base, as well as rationalize some cost, so that the impact could be blunted to the extent possible.



**Moderator:** The next question is from the line of Harshit Kapadia from Elara Securities.

**Harshit Kapadia:** And sir, just 2 questions from my side. So this is the fourth export order, which you got for wagons. So just wanted to understand, since we are not going to manufacture these wagons or probably, we have a subsidiary called a SAIL-RITES JV, would they be manufacturing wagons or it would be given to PSU or the private company?

**Rahul Mithal:** So you see, first of all, as I clarified, we have not yet got that order. But in terms of SAIL-RITES, it has already got an order for wagons from Gatex. And we are trying to get some orders in the railway wagons, which they are tendering, aiming for about 900 wagons. We are trying to build up on that. And moving forward, as we are able to cater to these orders, maybe expand and see how SAIL-RITES can cater to export orders also. We have a MOU with RDSO approved firm called Jupiter Wagons. And whenever we get an order for wagons, we would be sourcing wagons from them for export, at least as of now. Till the time SAIL-RITES is able to expand its capacity after completing its current order book. We are geared up for export.

**Moderator:** The next question is from the line of Harshit Kapadia from Elara Securities.

**Harshit Kapadia:** Just wanted to get a clarification on the quality assurance business. So does it mean, you were earlier doing some inspection work already for railways, and RDSO and others, a few agencies were doing other work for railway in terms of inspection. Now it is an open-door thing, so, you can also bid for something, which you were earlier not doing, and you can get that business, as well the price at which you quote. Is that or you're only confined still to your domain and where the prices are lower, just understanding on that.

**Rahul Mithal:** Let me clarify. Traditionally, we were doing both railway inspection, and we had a number of clients, who were not railway clients. This particular tender, which got finalized a few months back is for the railway portion of business, where 4 agencies, RITES being one of them, have been fixed

for those products. And there, the rates on an average have come down by 1/5 from the earlier rate.

We would, in any case, while doing that for the railway inspection portion would -- to, as I said, to blunt the impact, we would like the volume of orders of other clients, which we have that volumes to grow. The rates based on quantum or the scope of inspection are decided on a client-to-client basis. That is being done even today.

**Harshit Kapadia:** Just another question on how you look at the domestic consultancy business pipeline in present time, sir, if you can highlight some projects, which you are working on some large projects that would be great, sir?

**Rahul Mithal:** The overall consultancy order book, as of 30th June is INR 2,700 crores. We witnessed a good trend of getting more than 60-plus orders in consultancy in quarter 1. The orders which I mentioned show the kind of orders, which we are getting across sectors. Q1 has shown a very healthy trend in spite of the impact on the other streams of revenue, like export and QA. The domestic project consultancy grew by about 10% year-on-year and gave good margins. That is why overall in consultancy, including QA, we could maintain margins of 44%.

. In fact, the overall contribution of consultancy is 53%, which is in line with our vision, of having consultancy above 50%. International consultancy in the total consultancy pie has contributed about 12%. We would want that this contribution grows in the coming quarter.

So, both in terms of securing fresh orders across sectors of infrastructure or expediting the existing orders, especially the high-margin consultancy order, as well as getting fresh international consultancy orders and getting revenue from the existing international consultancy orders, I see a healthy trend in all these areas of consultancy moving forward in the coming quarters.

**Moderator:** I now hand the conference over to Mr. Harshit Kapadia for his closing comments.



*Rites Limited*  
*July 31, 2023*

**Harshit Kapadia:** Thank you, Lizann. We would like to thank Shri. Rahul Mithal, Chairman and Managing Director; Shri. A K Singh, Director Projects; B P Nayak, Director Finance; and Shri Dr. Deepak Tripathi, Director Technical for giving us an opportunity to host this call. We thank all investors and analysts for joining for this call. Any closing remarks, Rahul sir?

**Rahul Mithal:** I said at the outset, our strategy moving forward will be in line with the strategy at the beginning of this FY. We saw the movement in the right direction, blunting the impact of the changed scenario and building up on our core strength. And I'm confident that as the Q1 has shown, we will build up on this trend and tap the opportunities, both in the domestic and the international sector moving forward. Thank you.

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

**-End-**

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