

No. RITES/SECY/NSE

Date: November 18, 2025

<p>To लिस्टिंग विभाग, नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड, 'एक्सचेंज प्लाजा', सी-1, ब्लॉक जी, बांद्रा- कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई – 400051</p> <p>Listing Department, National Stock Exchange of India Limited, 'Exchange Plaza', C-1, Block G, Bandra - Kurla Complex, Bandra (E), Mumbai – 400051</p>	<p>To कॉर्पोरेट संबंध विभाग, बीएसई लिमिटेड, रोटुंडा बिल्डिंग, पी जे टावर्स, दलाल स्ट्रीट, फोर्ट, मुंबई - 400 001</p> <p>Corporate Relationship Department, BSE Limited, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai - 400 001</p>
Symbol- RITES	Scrip Code- 541556

Sub: Transcript of the Investors Conference Call held on November 12, 2025

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

Dear Sir/ Madam,

Please find enclosed herewith Transcript of the Conference call with analysts and investors held on November 12, 2025 to discuss the unaudited financial results of the Company for the quarter and half year ended on September 30, 2025.

This is for your information and records.

Thanking You,

Yours sincerely,
For **RITES Limited**

Ashok Mishra
Company Secretary & Compliance Officer
Membership No.: F6411



MITES Limited
Q2 FY26 Results Conference Call
Event Date / Time: 12/11/2025, 11:00 Hrs.

CORPORATE PARTICIPANTS:

Rahul Mithal

Chairman and Managing Director

Dr. Deepak Tripathi

Director (Technical) and Director (Projects)- (Additional Charge)

Mr. Krishna Gopal Agarwal

Director (Finance) and Chief Financial Officer.

Moderator

Good morning, ladies and gentlemen. I am Karthikeyan, moderator for this conference. Welcome to the conference call of RITES Limited to discuss its Q2 FY26 Results. We have with us today, Mr. Rahul Mithal, Chairman and Managing Director; Dr. Deepak Tripathi, Director (Technical) and Director (Projects)- (Additional Charge) and Mr. Krishna Gopal Agarwal, Director (Finance) and Chief Financial Officer.

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. Time permits, you may come back in the question queue.

Now, I would like to hand over the floor to Mr. Rahul Mithal, Chairman and Managing Director, RITES Limited. Thank you, and over to you, sir.

Rahul Mithal

Good morning. Let me start with giving the Safe Harbor statement. The presentation and the press release, which we uploaded on our website and exchanges yesterday and discussions during the call today may have some forward-looking statements. These statements consider the environment we see as of today and obviously carry a risk in terms of uncertainty because of 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 overall performance of Q2, and then I leave the floor open for questions. It's been a satisfying quarter for us. In terms of the roadmap that we have set for ourselves at the beginning of the FY, if I look at it, five key points.

One, we will like to maintain a one-order-a-day strike rate. And we did that. We got 150-plus orders totalling to INR 850 crore, which is about 1.6 orders a day. Two, we want to maintain one export order a quarter. We continued to maintain that. We got an order of INR 160 crore for 10 locomotives for South Africa in this quarter. Three, we want to achieve order book of INR 10,000 crore somewhere down the line, maybe as early as possible by end of this FY. We are heading in that direction. We added net to our order book by INR 300 crore and again reached an all-time high of INR 9,090 crore. Four, we want to do sequential growth for improved execution so that overall, on an annual basis, we surpassed the figures of last year, both top and bottom line. As you see, Q2 sequentially is it's about 12% better than the Q1 in revenue and PAT and EBITDA are in any case much higher. And five, we will like to secure our

margins, which as you see, the minimum baseline of about 20% in EBITDA margins and 15%-odd in PAT margins, we have been above that.

So in a nutshell, the direction which we had set, the key levers, the key operating points, we are moving in that direction. And the roadmap, as I said, which we have set ourselves in the beginning of the financial year, we are in line with that roadmap, moving to try and definitely surpass last year's performance.

So that, in a nutshell, are the opening comments, and I'll leave the floor open for specific questions.

Moderator

Thank you, sir. Now, we begin with the question-and-answer session. If you have a question, please press * and 1 on your telephone keypad. In the interest of time and fairness to all participants, you are requested to restrict yourselves to one question per participant. Time permits, you may join back the question queue. We will wait for a moment while the question queue assembles. Ladies and gentlemen, to ask a question, please press * and 1 on your telephone keypad.

The first question comes from the line of Parimal Mithani from Credential Investments. Please go ahead.

Parimal Mithani

Thanks for the opportunity, and congratulations on a good set of numbers.

Rahul Mithal

Thank you, Parimal. Good morning.

Parimal Mithani

Yeah. So, I just wanted to know: in consultancy, the margin that you have grown, is it now steady state of margin that we'll have going forward from here?

Rahul Mithal

So, you see, normally, consultancy margins remain in the range of about ~30% odd. And we would like to maintain that. In a particular quarter, some low margin orders or in some high

margin orders may contribute. But by and large, on an equalized basis, on a long-term basis, those are the range of margins in the consultancy stream that we would like to maintain, and we have been maintaining that. If you see in the last 3-4 quarters, even if in this competitive regime and tough competition and tough margin, on an average basis, if you see in the preceding quarter, we'll be maintaining about 30% margins in the consultancy.

Parimal Mithani

And is it fair to assume that we'll have better execution and consultancy going ahead?

Rahul Mithal

Yes. So, this quarter, in any case, consultancy and export are the two segments which have contributed to the overall performance. The turnkey is down by INR 90 crore YoY. And this INR 90 crore was compensated by consultancy & export. That's why you see the revenue nearly flat, about 1.5% growth only. But because of the change in mix, the INR 90 crore contributed to a higher margin mix, and that's why the EBITDA and PAT and margins have gone up.

So consultancy wise this quarter has seen good execution, there has been about a 12% growth both YoY as well as sequentially. We'll continue to see better execution.

Parimal Mithani

Okay, sir. Thank you. I'll join back in the queue. Thank you, sir.

Rahul Mithal

Thank you.

Moderator

Thank you. Next question comes from the line of Raghav Maheshwari from Kanakia Wealth Management. Please go ahead.

Raghav Maheshwari

Hi, Sir. Congratulations on a great set of numbers. Sir, we are seeing improvement in the margins. We are seeing good growth. Can you show some light upon the top-line guidance?

Rahul Mithal

Yes. So, the top line has been flat, as I mentioned to Parimal, and that's primarily because the turnkey segment, which contributes to the top line, that about more than two-third of the order book is less than a year old. It's about eight, ten months old. And normally, the execution at the ground level and revenue booking starts nearly at the end of the year. So, Q3, Q4 by the time these orders reach a time of about a year, they will start contributing to revenue.

So, even more INR 90 crore have been the hit due to turnkey, but in terms of bottom line, it resulted in a hit of only about INR 1 crore to INR 2 crore because the turnkey margins are always in the range of about 1% or 2%. So, when turnkey grows that will add to the top line. And with our continued stress on growth in the consultancy and exports, we will see the growth in the top line as we had laid down at the beginning of the FY.

Raghav Maheshwari

And what percentage growth are we looking at, if you can share the number?

Rahul Mithal

So, it depends on Q3, Q4 to what extent we are able to execute, but definitely aiming to see at least about trying to reach somewhere near a double-digit growth. Again, the coming months in terms of execution on the top line, on the turnkey projects, we'll see that.

Raghav Maheshwari

Okay. And the last question, what is the average turnaround time for the order book if you can give a bifurcation?

Rahul Mithal

It's a very difficult question to answer with one number because the four streams of revenue have different turnaround times.

Raghav Maheshwari

What I'm asking for bifurcation.

Rahul Mithal

Yes. So, a turnkey project takes about three to four years. An export project takes anything from two to two and a half years. Consultancy project could take anything from 90 days to about three years to four years if it is linked to the execution of the project.

Raghav Maheshwari

Understood, sir. Thank you, sir, and all the best.

Rahul Mithal

Thank you.

Moderator

Thank you. Ladies and gentlemen, if you have a question, please press * and 1 on your telephone keypad.

The next question comes from the line of Harshid Kapadiya from Elara Securities. Please go ahead.

Harshid Kapadiya

Yes. Thanks for the opportunity. And sir, congrats on a recovery on the export side and stable consultancy growth. My few question starts with, sir, so you mentioned some INR 90 crore hit is what you have done in turnkey. So, that particular revenue would be then booked in Q3? Is that what we'll be able to see when we see the Q3 results?

Rahul Mithal

Well, it may not be INR 90 crore exactly because, as I said, more than two-third of the turnkey order book of INR 4,300 crore is about eight, ten months old. And considering a lifespan of about three years to four years, the initial designs, approvals, etc. at the site level, including fixing of the executing agency, the revenue booking normally, we have seen starts by the end of the first year. So, I foresee a bump in the turnkey revenue beginning from Q4/Q1. So while the efforts will be there, and that was my answer to the previous question also. And the gentleman was asking regarding the guidance for the top line growth.

We'll see how to best possible we can extract the turnkey execution in Q3, Q4, which will give us a better idea over the end of Q3 where we are heading in terms of top line growth. But definitely, the emphasis on trying to make good to the extent possible from consultancy and export, which was the effort in Q2, would continue in Q3, Q4. While the order size are much smaller; and therefore, they may not be able to fully contribute in terms of equalizing the top line, but definitely being better margin contributor, they contribute better to the bottom line.

Harshid Kapadiya

On domestic consultancy side, could you be able to share, sir, how has quality assurance grown within the consultancy for you? And within domestic consultancy, any specific area, whether it is related to housing or rail or airports or ropeways, what has seen the growth, sir?

Rahul Mithal

Yes, Harshid. So, one very encouraging trend is that the quality assurance vertical has the tough times which we have seen in the last one and a half to two years but it has been steadily, sequentially improving, increasing and trying to garner new clients. And I must say that this has been one of the best quarters in the last six, seven trailing quarters in terms of reaching not only close to the levels which we were in terms of the revenue.

Yes, margins are definitely now tougher being more in the competitive environment. In fact, more than two-thirds of the revenue in the quality assurance vertical is coming from the non-IR client base, which shows the diversification, which we have been able to do in a span of about two years and now generating revenue from those clients. So, quality assurance is growing steadily.

Another very good area, which is contributing to the consultancy revenue is, yes, our strong point in terms of rail infra as well as the third party quality orders that we are doing across various sectors of infrastructure, whether it is the highways or the buildings, various infrastructure. As also, we are getting good PMC contribution for some of the building projects that we are doing. So across sectors, the consultancy revenue has contributing and growing. And that's why you see about a 10% to 12% growth both YoY and sequentially in consultancy revenue.

Harshid Kapadiya

Understood, sir. That's really encouraging. Just a question on exports, sir. So, now that we have started seeing exports, what has been the delivery for us? This is for how many locos that we have delivered and how many coaches we have delivered?

Rahul Mithal

So, the first deliveries have started of the locomotives, the Mozambique order of 10 locomotives. So in quarter two, we could dispatch two locomotives. And that's when you see break in the hiatus for about nearly one and a half, two years. And now, export revenue has started generating revenue and it will be steady now in every quarter. In fact, subsequent to that, the next two locomotives have also been shipped out in the month of October, and they will contribute to the revenue in Q3. So, we continue to push three to four locomotives. We are hopeful that these 10 locomotives definitely by Q1 of next year, we should be able to complete this order.

The coaches order, as I said, had a slight gap in the middle of last year for about four, five months that we have picked up now. There are about seven types of coaches, for which the designs of prototypes are more or less in the final stage. So, we are hopeful that the prototypes will start getting manufactured. And the first rake, we are definitely aiming to send out by Q1 of next year.

Harshid Kapadiya

Understood, sir. I have more questions. I'll join in the question queue.

Moderator

Thank you. The next question comes from the line of Uttam Srimal from Axis Securities Limited. Please go ahead.

Uttam Srimal

Yes sir. Very good morning, sir. And congratulations on good set of numbers. Sir, my question pertains to our export order book, which is currently around INR 1,541 crore. So, how much activation we are building on the next two quarters and in FY27?

Rahul Mithal

Yes. Good morning. So, the three key elements of this order books are the Mozambique order, the Bangladesh coaches order and various orders of the in-service diesel locomotives to South Africa. We are definitely trying to complete the Mozambique order by the Q1. As I said, two locomotives, we have booked the revenue and see the booking of the revenue happens when the locomotives finally get the bill of lading. So even if they are ready, but only when they get loaded onto the vessel at the Mumbai Port, that's when we recognize the revenue.

The next two locomotives, which were shipped out in October, will figure in the revenue of Q3. We are trying to see that about six to seven locomotives get booked in this FY26 and the balance definitely by Q1 of FY26.

As I mentioned regarding the coaches' export project order to Bangladesh, these are 200 coaches and seven different types of coaches. So the first rake, which Bangladesh Railways asked for, consists of four types of coaches, where we are at the final stages of getting the prototypes approved. And we are wanting to hoping that we can get the four prototype coaches manufactured and approved by them in Q4 so that the bulk manufacture starts in the first rake of 20 coaches moves out by Q1.

So, your specific question regarding FY27, once this first rake moves out and the prototype would have been got approved, then I think one rake per quarter would definitely be the aim for FY27 for the Bangladesh order.

Uttam Srimal

Okay, sir. I shall come back in a queue. Thanks.

Rahul Mithal

Yes. Thank you.

Moderator

Thank you. The next question comes from the line of Gaurav, an individual investor. Please go ahead.

Gaurav

Hi sir. Good morning. Congratulations on the good set of numbers and taking my questions. Thank you so much for that. I just have one question. Can you just shed some light on the Bangladesh coaches order and the number of inductions in Q2?

Rahul Mithal

So, I just mentioned in my reply to the previous question, in the Bangladesh order, there are 200 coaches and seven different types of coaches. The first shipment, we are aiming of a rake of 20 coaches by Q1 of FY27. The prototypes are in the stage of final approval and

manufacture by Q4. And once the prototypes are manufactured and approved, the bulk manufacturing will start.

So starting from Q1, definitely, the next FY, the rake consisting of 20 coaches will subsequently be exported. A rake consisting of 20 coaches would go at one time. So, about 10 rakes are the total order for about 200 coaches.

Gaurav

Okay. Thank you. Thank you so much, sir. That's all from my side. Thank you.

Moderator

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

Viraj Mithani

Yes, thank you for the opportunity, sir. Sir, my question is the order book which we have, the 50% comes off the PMC business, right? So, are we changing our trend?

Rahul Mithal

Good morning, Viraj. No. See, the breakup of the order book of INR 9,090 crore, there's about INR 4,300 crore turnkey, then INR 2,930 consultancy, export INR 1,540 crore and balance are leasing and REMC. So, we are very clear. We are not a construction company. We are purely a consultancy company. And the turnkey order book that you also see, it is because it's a method of accountal.

Our scope of work and everything remains same of a consultant design. For example, the most recent order, which you saw, we got last week only for the NIMHANS facility at Bangalore, which is about INR 373 crore, our role in that is of a consultant only.

It's a question of the accountal that the cost of the total project, including our consultancy fee flows through our top line, our balance sheet. Otherwise, we are very clear, we are a consultancy company, we are not a construction. So whether it is the turnkey order or the consultancy order, it's a question of only the method of financial accountal, our scope of work remains exactly the same.

Viraj Mithani

Okay. And sir, so with this export order kicking in, we'll close the year more than the last year level? What will be the guidance for current year and the next year?

Rahul Mithal

Yes, Viraj. With the export revenue now kicking in and building up and consultancy showing a steady growth of 10%-plus and as also the young order book in turnkey will start generating revenue definitely by end of the FY, we should be definitely a minimum be able to touch the levels of last year top and bottom line, but we are definitely aspiring to grow above that both in top and bottom lines.

Moderator

Thank you so much, sir. Next, we have a follow-up question from the line of Parimal Mithani from Credential Investments. Please go ahead.

Parimal Mithani

Sir, I just wanted to know if the MoU signed with parties in Middle-East, any updates there? And also, your JV with DNV, can you just highlight if anything meaningful is happening there, sir?

Rahul Mithal

Okay. Yeah. So, first your first question first. The MOUs in Middle-East, those have, in a short period of time of less than one year, started giving us gains already. The MoU with Etihad Rail has got us work in Jordan, which we are doing with them. We are also now partnering with them in providing consultancy services by deploying our people and our expertise in their various projects in Middle-East and beyond. And we see in such a short time, we are able to capitalize on that, and we see huge potential moving forward. We've already set up an office in UAE. So, I see this grow moving forward.

The other question regarding the partnership with DNV, Italy was regarding the ISA certification, which we are doing for Vande Bharat coaches for the Indian Railways. And it's been moving successfully. And we are doing the ISA certification for manufacture of new Vande Bharat rakes.

Parimal Mithani

Okay, sir. And sir, just last one, in terms of leasing business, do we see any traction going ahead more? Because we're seeing a good growth there, the first half.

Rahul Mithal

Yes, leasing business has been substantially growing despite newer players trying to come in and trying to hit the margins. But we are growing sequentially. We've already reached the target of being more than 100-plus locomotives of our own, which we are leasing besides doing O&M of clients' locomotives.

So, the way we are getting orders in in leasing constantly, this is a growing segment both in terms of the revenue as well as the contribution to the bottom line.

Parimal Mithani

Okay, sir. Thank you. Thank you very much.

Moderator

Thank you. Ladies and gentlemen, if you have a question, please press * and 1 on your telephone keypad.

We have a follow-up question from Viraj Mithani from Jupiter Financial. Please go ahead.

Viraj Mithani

Yes, sir. My question was, we signed so many MOUs with so many companies. How is it going to help us? Like, anything materially happening there?

Rahul Mithal

Yes, Viraj. All these MOUs in some way or the other, the umbrella MoUs and it'll differ, obviously, from case to case and geography to geography. But as I mentioned to Parimal in the last question, for example, the MoU with Etihad Rail has helped us already expand to new geographies where we were primarily operating in Africa, Southeast Asia, Latin America, now we have started getting work in the Middle-East geography.

So similarly, MoUs in the domestic sector with various entities. And one MOU, like I mentioned, in the inspection quality assurance vertical, which has helped us jointly do the ISA certification for Vande Bharat rakes. So similarly, in consultancy, our MOUs with various players depending on where we end up doing work in a particular bid, in a particular geography. Each one of them have different potential. And that's why we very carefully enter into strategic MOUs.

We recently entered into an MoU last week, you must have seen with the DG naval projects in Mumbai. So, we see a huge -- we're already working with them in in one or two projects, and we see that more potential in that sector.

Viraj Mithani

Okay. And sir, my question is on our policy of exports now with this two orders kicking in. Have we made some goals for exports as a segment?

Rahul Mithal

Yes. Our goal for export segment is, one, that we will continue to try and achieve one order a quarter, which we have been doing now for about seven, eight trailing quarters. We will continue to get that. And normally, the export order starts generating revenue after about one and a half, two years, about 18 months or so. And that's why you see the first order that we got in early 2024, that has got generated revenue in Q2 now.

So with this, you will see over a period of time. And one of the objectives is that once now we have a sufficient variety and number of export orders, what we want to avoid is spikes in booking of the export revenue. Like you saw it in the last two, three years, there was hardly any contribution by the export revenue. And now our aim is that every quarter, you don't see a blank in the export revenue, you see a substantial contribution from the export revenue. So, that's one objective, which we will definitely achieve. Now, you'll see that regularly in the coming quarters of revenue from export vertical.

Viraj Mithani

Okay. That's it from my side. All the best, sir.

Rahul Mithal

Thank you. Thank you, Viraj.

Moderator

Thank you. Next, we have a follow-up question from Raghav Maheshwari from Kanakia Wealth Management. Please go ahead.

Raghav Maheshwari

Yes. So sir, just a couple of follow-ups on the order intake. We have been maintaining one order per day track record for past many quarters now. To understand a bit upon the competitive landscape, how are we going to maintain that? First question. And second is, for that matter, what is the average ticket size of the order that we take?

Rahul Mithal

So rather, the first question is that as the competitive scenario is evolving more and more, when we set this target about eight quarters back, we were in the range of about 0.6, 0.7 strike rate. And we had to do a lot of business reengineering to be able to reach that milestone. And we have set few boundary lines both in not sacrificing the margin beyond a certain point. And two, not picking up small ticket size orders just for getting number of orders. So, with those broad boundary lines in each of the 13 verticals that we have, various sectors, we have now been able to maintain that. So if you see, it's not only the number of one order a day, it's also the value.

For example, we got in Q2 about 150 orders totalling to INR 850 crore. And you could see a net addition in the order book from June 30 to September 30 of INR 300 crore. So, while the size of the order may vary depending on a particular sector or the nature of work, because as you see, we have four broad streams of revenue. But what we ensure is that we will not pick up, as I said, two red lines. One, ticket size of orders below a certain value just to increase the number of orders. And two, sacrifice the margin and unnecessarily dilute our level of quality in terms of the execution of order that we intend to do.

Raghav Maheshwari

Can you share that, like, the minimum order average value that you would not go beyond?

Rahul Mithal

You see, again, it varies from each of the different verticals. It varies on the four different streams of revenue where the size of order can be huge in terms of export or in terms of turnkey segment. But in terms of some consultancy, they could be small orders. In consultancy,

there are three, four different types of work that we do. We could do a DPR, which is, again, a smaller value order. It could be a PMC, where it's a percentage-based order, where your value depends on a percentage of the infrastructure work or it could be a third-party audit, TPI, third party inspection of a completed infrastructure project. So again, to give one number would be a misnomer. But yes, for each of the different verticals as well as for each of the different scopes of work, we have set some internal red lines for both in terms of the ticket size as well as the margins that we claim.

Raghav Maheshwari

Understood, sir. Okay, sir. Thank you so much, sir. That's it from my side.

Rahul Mithal

Thank you.

Moderator

Thank you. Next, we have a follow-up question from Gaurav, an individual investor. Please go ahead.

Gaurav

Hi, sir. Thank you again for taking my question. I just wanted to know about the number of employees. Last year, it was around in the range of 2,700 and now increased to 2,800-plus. So, where do you see this number going? And what were the additions in H1?

Rahul Mithal

So, yes, we are at about 2,800, and we are considering that our order size is constantly increasing. In H1, we have inducted about 300 people. And you would see that only there's a net increase of roughly about 100 because a large number of superannuations have also been happening because considering that we are about 51 years old, there was a huge induction in the company in its initial years in the '90s when the company was diversifying, growing in its 2-3 decade. And those are the large number of employees, which are now in the span of three years to four years superannuation after completing about 30, 35 years of service.

So, while there is a large number of superannuation, we are inducting in a big way so that net, you can see an increase. And this trend of superannuation will plateau down after about maybe a year or year and a half or so. However, our induction is going to continue both for our project-

based employees, which as we get more and more orders, we are inducting employees on a specific project. So, this number overall, which includes both our regular employees and project-based employees, will go on increasing as you see in every successive quarter.

Gaurav

Thank you, sir. Thank you. That's it from my side. Thank you.

Moderator

Thank you. Next, we have a follow-up question from Harshid Kapadiya from Elara Securities. Please go ahead.

Harshid Kapadiya

Yes. Hi. Sorry, sir, I missed the call last time. So, just wanted to check where are we on the export order inflow, sir, which we have been targeting one order a year?

Rahul Mithal

Yes. Harshid, in fact, it's one order a quarter. We have set ourselves a target of one order a quarter, eight quarters back, and we are maintaining that. And this quarter also, we got that one order. This is 10 in service locomotives to South Africa at about INR 160 crore.

So, we had set ourselves a target at the beginning of 2024 of trying to get one export order a quarter, and we are maintaining that successively for about seven, eight trailing quarters now.

Harshid Kapadiya

Okay. And for, let's say, second half also, you expect some of the order announcements to come and our target is largely Middle-East and Africa as a market, sir?

Rahul Mithal

In terms of export of rolling stock, it is primarily Africa and Southeast Asia. And as I said, all our efforts are on to maintain one export order a quarter. And that is the basic reason, as I mentioned a few questions back, is very important to have a diversified large number of orders in the export order book so that they are at different stages of execution. And despite of revenue generation from the export segment, which we suffered in the last two, three years, there was a gap, if you see, we will now be able to ensure, and that's the strategy that every

quarter, you see some contribution, this being the first quarter after a long gap that you saw an export revenue of INR 60 crore, that now on a regular basis, every quarter, we should be able to have a contribution from the export revenue.

And that is only possible if you have large number of export orders in different geographies at different stages of manufacture and execution.

Harshid Kapadiya

And all these are competitive bidding, as in global competitive bidding, or are these on nomination business, sir?

Rahul Mithal

Most of them were on competitive bidding, but some of these i.e. the South Africa in service locomotives orders, these were on nomination because we have -- this is a proprietary kind of work. We took a lot of initiative in trying to finalize the design to use the in-service locomotives, which Indian Railways has large number of diesel locomotives now and are available because of electrification. How best to modify them to the gauge and customize them to the requirement of South Africa and be able to get the designs modified and approved by them and export to them.

So, these are a very kind of a proprietary design-specific work, which we are working on, and we've got some orders on that from South Africa. But the bigger orders from Mozambique and Bangladesh were all competitive.

Harshid Kapadiya

Fine, sir. I have few more questions. I'll join in the queue.

Rahul Mithal

Yeah.

Moderator

Thank you. The next question comes from the line of Anand B from Ksema Wealth. Please go ahead.

Anand B

Good morning. I just wanted to know the margins that you earn differentiate between, let's say, margins that you earn from consultancy orders, margins that you earn from export, margins that you earn from turnkey. Can you just give a breakup of that?

Rahul Mithal

Yes. So, the margins traditionally in the consultancy are the highest. They are in the range of 30%- odd. The turnkeys are always lower. They are about 1.2%, 1.1%. And export because this is the first order, the first quarter that the revenue has been booked. So, while this is in the range of about 10%, and this is the kind of range, maybe it'll be a better picture as revenues flow in over two, three successive quarters because the cost booking and the revenue, etc. will equalize and we'll be able to get a better idea of the margins.

In terms of leasing, our margins have always been in the range of about 30%-odd. So, these are the four broad segments of margins. As you see, the large range from turnkey to consultancy to export to leasing.

Anand B

Okay. And final question, what sort of revenue division that you see between these four key segments this year and next year as well?

Rahul Mithal

As I mentioned, the turnkey is they are all young order book. So while this quarter, you've seen a very low contribution from turnkey. This will start growing by Q4/Q1. And in terms of its contribution to the top line, it will definitely grow. Consultancy has been growing steadily at the rate of 10%, 12%, which we will aim that it continues growing.

Export, the revenue booking has started. And we definitely as the roadmap that I laid out for the Mozambique locos as well as the Bangladesh coaches, we will definitely see revenue coming in every quarter. So the mix between the various segments may differ from quarter to quarter, but that's the trend which you can see. And maybe a better picture would emerge of the total overall percentage of each of the segment over an annual basis. So in a particular quarter, it may vary depending on the deliveries.

Anand B

Okay. So, I think to annual also, but just to get some clarification. So let's say, if the share of export revenue goes up, does that mean, like, the share of revenue, let's say, turnkey or leasing comes down because of that? Or how does it work? Like, what grows vis-a-vis to another?

Rahul Mithal

No, they are not interlinked. You see, the point is that overall, there are two broad directives or two broad guardrails of the things that the overall things that we want to achieve. And that's the overall growth in the top and bottom line, while still securing our overall EBITDA margins at 20%-plus and PAT margins of 15% red line minimum, both these two 20% and 15%.

Now as I explained, the variation in margins across the four streams is so large, what we definitely try and achieve while we don't sacrifice or pull up one for the other, but we definitely keep an interblend mix between the four segments so that the overall, there is a growth in top line, bottom line with these two red lines having been maintained of 15% and 20% in EBITDA and PAT margins.

Anand B

Okay. Thank you so much.

Moderator

Thank you. Next, we have a follow-up question from Viraj Mithani from Jupiter Financial. Please go ahead.

Viraj Mithani

Yes, sir. Thank you for the opportunity. Sir, my question is what will be your OpEx and what will be our dividend policy? Would it be the same as last year's or some change will be there?

Rahul Mithal

Yes, Viraj. I have committed always in the last more than a number of quarters that you will not come up with any surprise of us suddenly putting our capital somewhere or doing something away from our basic business model or suddenly changing our colour from a consultancy company to some other company. So, we are very clear in our strategy and our business model, and we will continue to try and improve on that and give better performance.

So with that, our basic requirement of being a debt-free company, low-CapEx company, literally minimum working capital requirement, I don't foresee any reason of us not maintaining the healthy dividend payout ratio that we have been maintaining. And as you'll see this quarter also, we maintained about 94% dividend payout ratio.

Viraj Mithani

Okay. Thank you, sir. Thank you.

Moderator

Thank you. The next question comes from the line of Sahaj Arora, an individual investor. Please go ahead.

Sahaj Arora

Hi. Good morning, sir. Thanks for the opportunity. I just wanted to check with you. Like you said, in the PMC business, due to the accounting policies, you have to, like, pass it through the revenue. What percentage of that revenue would be our consultancy income?

Rahul Mithal

Not in the PMC business, in the turnkey business.

Sahaj Arora

Sorry.

Rahul Mithal

In the turnkey business, the revenue passes through us. So again, we get most of our orders on competitive basis. So for example, let's say, our consultancy fee for discussion is about 5% or 6%. Now, if we had got that as a consultancy order, our value of order would have been INR 6 crore. If we get it as a turnkey order, its value is INR 106 crore.

So, if it's a turnkey order, INR 106 crore passes through our balance sheet. If that order was a pure consultancy order, INR 6 crore would pass through our balance sheet. That's the only difference in accountal. Our scope of work and responsibility, everything remains identical.

Sahaj Arora

And the margins also remain identical like the consultancy business?

Rahul Mithal

No. Obviously, because the margins in a turnkey business, the denominator being much larger, they are in the range of 2%-odd, 1% to 2%. And consultancy, definitely, it is much larger, in the range of about 30%-odd.

Sahaj Arora

Yeah, but like you said, INR 6 crore would be the consultancy income. On that, the margins would be what you guide for the consultancy business, is that correct understanding?

Rahul Mithal

If it was a consultancy order, if the order was in the form of a consultancy order, if the value of the order was INR 6 crore, then it would be accounted in our consultancy order book and the margins would be higher. But if the order value would be INR 106 crore, then it would be accounted for in our turnkey order book and the margins and the contribution from the margins in the turnkey could be much lesser.

Sahaj Arora

Okay. Thank you, sir.

Rahul Mithal

Right.

Moderator

Thank you. Ladies and gentlemen, if you have a question, please press * and 1 on your telephone keypad. In the interest of time and fairness to all participants, you are requested to restrict yourself to one question per participant.

Next, we have a follow-up question from Harshid Kapadiya from Elara Securities. Please go ahead.

Harshid Kapadiya

Yes. Thanks for the opportunity again, sir. Just wanted to check with you, since you mentioned that after first year, the turnkey construction generally started booking the revenue. So, when is the peak revenue expected from your INR 4,000 crore order book? Will it be like FY28-29? Is that correct?

Rahul Mithal

I would see the revenue start picking up in a big way by latter part of FY27. Because as I mentioned at the outset, about two-thirds of this order book are young. They are about eight to ten months old, and I foresee them starting to generate revenue by Q4 or maybe Q1 of next FY.

So, maybe latter part of FY27, say, Q3 onwards, H2 of FY27, there should be a substantial bump from these young orders while you're continuing to get fresh orders, which, as I said, with a lifespan of about three years to four years will maintain that trend of turnkey revenue. But you would see a bump coming in from latter part of FY27.

Harshid Kapadiya

Understood, sir. Thanks for the clarification. And just on consultancy, you had said that, is there any large order expectation which is there in the pipeline, like one we heard about, there's a high-speed rail corridor, which is where the consultancy work is out for Delhi connecting to Jammu?

So, are you guys participating in any other such large consultancy tender, which is out, which, if we win, could be a bump up for us?

Rahul Mithal

Harshid, I would not like to speculate on orders which are in the pipeline, but I can only say maintaining one-plus order a day, we are bidding on large number of orders. And more than two-thirds of these, about 70% are on a competitive basis. So, whether it is domestic or international, we are bidding for a large number of consultancy orders across various sectors, including rail, infra, etc. And we will keep most recently, we got the IIM Bangalore PMC order in our building vertical, which was about 14 crore. So, we continue to get the orders.

In our QA vertical, we've got orders for various consultancy work in the QA. So, we will continue to bid, but it'll not be proper for me to speculate an order that are in pipeline.

Harshid Kapadiya

Fair enough, sir. No problem. Thanks for answering all the questioning. Wish you all the best.

Rahul Mithal

Thank you, Harshid.

Moderator

Thank you. Next, we have a follow-up question from Anand B from Ksema Wealth Private Limited. Please go ahead.

Anand B

Thanks for the opportunity again. I just want to know what would be like the seasonality of your business? I mean, I agree that export will be, is this a new what do you say, see one export a quarter as well. But for consultancy, turnkey and leasing, what will be the seasonality across the four quarters? Which quarter will do better? Which quarter will do not that great?

Rahul Mithal

Yeah. So, I was saying, Anand, that in case you lost me, now we are getting revenue from each of these streams, for example, in export. The Mozambique order that we got in '24 early, early 2024, this was the first quarter that it started generating revenue because the locomotives have started getting manufactured and started getting exported. And now, we see that continuously, whether it's the Bangladesh order or the Mozambique order, the export stream will generate revenue continuously irrespective of the seasonality in every quarter.

Similarly, in the turnkey, the young order book, they are now in the stage that by Q1, latest of next year, you will see a substantial contribution from the young turnkey orders because they would be about 12 months to 15 months old and execution would start at the ground level.

Consultancy orders consist we have a large bouquet of consultancy orders, small and big. And they generate revenue regularly on every quarter irrespective of the particular quarter. So, that's why you see a steady growth of about 10% to 12%, both YoY and sequentially in the consultancy segment.

So, each of these segments in the coming quarters have a different time line of generating revenue, turnkey being the one which will start seeing substantial increase in the next FY.

Anand B

Okay. Thank you.

Moderator

Thank you. As there are no further questions, I would now like to hand over the call to management for their closing comments.

Rahul Mithal

Thank you. Thank you all for taking our time and asking us about our performance. As I said at the outset, this has been a satisfying quarter for our team that we are moving in the right direction in the roadmap, in line with the roadmap that we had set at the beginning of the FY.

And I'm sure that we will continue our focus on improved execution in Q3, Q4, so that definitely not only touch the levels of last year, but try and exceed them both in top and bottom line while securing our margin, definitely exceed the top and bottom line by a substantial quantum.

Thank you very much.

Moderator

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

-End-

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