

No. RITES/SECY/NSE

Date: August 14, 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

विषय: 07 अगस्त, 2025 को आयोजित निवेशक सम्मेलन कॉल का प्रतिलेख।

Sub: Transcript of the Investors Conference Call held on 07th August, 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 07th August, 2025 to discuss the unaudited financial results of the Company for the quarter ended on 30th June, 2025.

This is for your information and records.

आपको धन्यवाद / Thanking You,

भवदीय / Yours sincerely,

राइट्स लिमिटेड के लिए / For RITES Limited

अशोक मिश्रा / Ashok Mishra

कंपनी सचिव और अनुपालन अधिकारी / Company Secretary & Compliance Officer

सदस्यता संख्या / Membership No.: F6411

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RITES Limited
Q1FY26 Results Conference Call

Event Date / Time: 07/08/2025, 11:00 Hrs.

CORPORATE PARTICIPANTS:

Mr. Rahul Mithal
Chairman and Managing Director

Dr. Deepak Tripathi
Director Technical and Director Projects (Additional Charge)

Mr. Krishna Gopal Agarwal
Director Finance & Chief Financial Officer

Moderator

Good morning, ladies and gentlemen. I'm Karthikeyan, moderator for this conference. Welcome to the conference call of RITES Limited to discuss its Q1 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 yourselves 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. Thank you. 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. So, let me give you a brief overview of the Q1 results.

The results have been flat. The order book, as you see, about INR 8,800 crore, bulk of it, in fact, about INR 3,500 crore from about 300+ orders was added in the last two quarters of the last FY. So, now we are at the stage where we have to focus on expeditious execution, which we foresee starting from the latter part of this FY.

And the guidance, which we gave at the beginning of the FY, that we will try and definitely surpass the previous year's performance. We are on track. All these orders are at the various stages of finalizing the design, fixing up the executing agencies. So, the revenues will start flowing in by latter part of this FY. So, that's the opening broad where we have been in Q1 and where we see moving forward.

And I'll go into more details as I answer individual questions. Thank you.

Moderator

Thank you. Now, we begin 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.

The first question comes from Harshit Kapadia from Elara Securities.

Harshit Kapadia

Good morning, sir. Thanks for giving me this opportunity. So, just one question right now. On the consultancy side, we have seen the growth coming back. Now, have we seen a broad-based growth, or is the consultancy also seeing growth only from certain sectors? And followed to that would be the quality assurance. Is this now normalized? Or are we going to see an uprise on the quality assurance side?

Rahul Mithal

Good morning, Harshit. So, the first part of question, yes, the consultancy has shown an overall growth of 7%. In fact, that is what has helped us see a growth in the EBITDA by about 8%, focused on the high-margin consultancy orders. So, you see the orders which we have been getting in the latter part of the last FY, the design, engineering portion of those orders have started generating revenue, and those will continue to generate revenue because the initial milestones are in the designs, etc. And as the execution starts in the latter part of the FY, the other elements of the turnkey and top line will keep adding on. And this is across sectors, not only one particular vertical. This is broad based across because since the orders were broad based, covering all the sectors, about 13 different verticals that we have.

As far as quality assurance is concerned, quality assurance has been showing a regular uptick. And the worst to my mind, as I had mentioned in the beginning of this FY also, is over. We will definitely keep on growing sequentially both, not only in terms of quality assurance, in terms of getting more orders, in terms of revenue realization from the recent orders, which we got in quality assurance from the newer clients, the non-Indian Railway client. So, quality assurance will only show an uptick both sequentially and the entire FY vis-a-vis the last FY.

Harshit Kapadia

Understood, sir. Wishing you all the best. I'll come for more questions, sir. Thank you.

Moderator

Thank you. The next question comes from Anand B from Ksema Wealth Private Limited. Please go ahead with your question.

Anand B

Good morning, sir. Regarding your export orders, I remember in the previous con call, you mentioned the 10 locomotives by around 70-80% of execution is done, and deliveries will be starting from Q1 of this time.

So, I think in the press release, you mentioned that the deliveries have already started. So, is there a confirmation that the deliveries have already started? And can we see a realization of that revenue by this quarter or the next quarter?

Rahul Mithal

Good morning, Anand. So yes, it's correct. I had mentioned that the ten locomotives to Mozambique, the deliveries will start. And the first two locomotives have got shipped out in the first week of July -- early July. So, the revenue booking happens when the actual shipping out takes the bill of lading. So, these two locomotives, the revenue will definitely figure in Q2.

And the other eight locomotives are also on track in various stages in the pipeline. So definitely, in the coming quarters, these will start generating revenue. So yes, the booking of revenue of these two locomotives shipment did not happen in Q1. They will happen in Q2 because the actual shipment took place in early July. But yes, the shipments have started.

Anand B

Okay. And you said like in Q2 or Q3, you'll be able to see realization of the impact in locomotives or just two or three?

Rahul Mithal

No. These two, which have already got shipped out, these for sure will get booked in Q2. And each of the balance eight are in various stages. Successively in each quarter, as the bill of lading gets made as they get shipped out in Q2, Q3, Q4, we will try and definitely complete the entire order.

Moderator

Thank you. The next question comes from Shreyans Mehta from Equirus Securities.

Shreyans Mehta

Thanks for the opportunity. Sir, my first question is, can we expect or is it fair to assume in terms of margins, the worse is behind us? Because now we are talking about export contribution to kick in. So, hopefully, that will also add to our margins going forward?

Rahul Mithal

Good morning, Shreyans. Yes, you are correct in your assessment. If you recall in the guidance which I gave at the beginning of this FY, I was saying that the worst seems to be over, especially in terms of execution, in this FY from the export orders also. And we had said that we'll aim at overall, on an annual basis, an EBITDA margin about 20%-odd and PAT margins about 15%-odd.

And the Q1, because of the uptick in the consultancy contribution, in fact, has been higher both in the EBITDA and the PAT margins. And so I think, yes, definitely, we should be able to maintain those levels on a minimum on an overall annual basis.

Shreyans Mehta

Great. And sir, secondly, if you can help us with the cash on the books as on date?

Rahul Mithal

The cash balance is about INR 800 crore and client fund is about INR 2,400 crore.

Moderator

Thank you. We have next question from Viraj Mithani from Jupiter Financial.

Viraj Mithani

Thank you for the opportunity, sir. My question is, what will be your guidance for this year and next year since things are, like, you are saying the worst seems to be over? Can you give some color on that?

Rahul Mithal

Good morning, Viraj. So, work has just started. Work is we have got the orders now. We have to really expedite the execution. As I said, out of INR 8,800 crore, about INR 3,500 crore is very young. So, these are young orders, which need to be executed.

And yes, in terms of the only sequentially uptick and being on an annual basis, whether in terms of which I had given the guidance at the beginning of the year, definitely, we will surpass by a substantial amount, the top line vis-a-vis last year.

And as I said, on an annual basis we'll be able to maintain EBITDA margins of about 20% and PAT margins of about 15%.

Moderator

Thank you. Participants, to ask 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.

We have a follow-up question from Harshit Kapadia from Elara Securities.

Harshit Kapadia

Yeah. Hi. Thanks for the opportunity. Just wanted to check on the margins on the consultancy side. They have been something above 40-45 times if you look at last two, three years. Now, we are in the vicinity of 35-40%. Now, should we look at this to be a more sustainable number? Or is there a possibility that we can move towards 45% margins?

Rahul Mithal

No. You must appreciate that these 40-45% margins traditionally included the quality assurance contribution also, which was earlier on a much higher contribution. So, the levels of about 30-35% are what is now especially a large percentage of our orders now across verticals are on competitive bidding basis, and there's huge competition.

Even in our international consultancy orders, which we are getting, if you compare the trend of margins in that vis-a-vis earlier international orders are much more competitive. So, realistically, anything between 30-35% is what, on a consolidated basis, the consultancy margins would settle down over a period. And that is what contributes to the overall EBITDA margins of about 20% and PAT margins of about 15%.

Moderator

Thank you. We have the next question from Vishal Periwal from Antique Stock Broking.

Vishal Periwal

Yeah, sir. Thanks for the opportunity. Sir, in terms of our Bangladesh order, can you give some color like where we are in terms of design and approvals? And second, related to that, like when that order can enter into revenue recognition stage?

Rahul Mithal

Good morning, Vishal. So, Bangladesh is a complex order in the sense that there are different types of coaches. There are about seven different types of coaches. And now in the last few months, there has been a very substantial progress in that in terms of regular meetings, interactions with the manufacturer and the Bangladesh Railway to finalize the designs.

Most of the design elements are getting finalized and the ordering of the detailed subassemblies for the prototype has started. So, we are foreseeing that the first rake of 20 coaches, we are aiming that before the end of the FY, we should be in a position to export because it will require earlier individual prototype approvals of each type of coach and then the mass manufacture will start.

So, our assessment is that the first rake of 20 coaches before the end of the FY26 we should be aspiring to send it. And so, that's the time when the first revenue bookings we are aiming for in Q4 from this order.

Vishal Periwal

Okay. And this order, will you conclude by when, tentatively?

Rahul Mithal

So, once the mass manufacture starts, then considering that we have a huge manufacturing capacity, that's not an issue. If we are on track and the first rake we are able to push through in Q4, then we should be able to definitely aim to complete the entire order in the next FY.

Moderator

Thank you. The next question comes from Uttam Kumar Srimal from Axis Securities.

Uttam Kumar Srimal

Sir, very good morning, and thanks for the opportunity. Sir, currently, our turnkey order book stands at INR 4,209 crores. So sir, what is the execution rate for these orders? Time-frame?

Rahul Mithal

So, Uttam, as I mentioned, a large chunk of these orders has come in the last two quarters and more so also recently and even in this quarter. So, if you take an average time span of any infrastructure about 2.5 years to 3 years, the first, about 6-9 months goes in the design and fixing up the executing agencies. We are very trying to ensure that the physical construction in most of these orders starts in the next 3-6 months so that by Q3, when the actual construction at the site starts, the revenue booking in Q3-Q4 starts.

So, that's the broad -- on a bigger picture, you see bulk of the turnkey order book, the revenue booking should start coming in from latter part of this FY. And on an average, these projects have a time-span of about three years.

Uttam Kumar Srimal

Sir, can you quantify how much we can book in this year for turnkey in terms of revenue?

Rahul Mithal

I don't want to give numbers as it would be speculative, as I said, giving a mix of the orders and depending on the time-frame. On an overall basis, our aim is that the turnkey segment contributes substantially so that this guidance that we surpassed by a substantial amount, the revenue vis-a-vis last FY, that we will ensure. But what will be that figure? I think that will be speculation at this stage.

Moderator

We have a follow-up question from Anand B from Ksema Wealth.

Anand B

Good morning, sir, once again. So, I just want to know, like, what will be your estimated statement breakup between the different sectors, like consultancy, export, turnkey and leasing in terms of percentage for FY26?

Rahul Mithal

Sorry. Your first sentence, I lost you. Sorry. Could you repeat, please?

Anand B

I'm asking for, like, a segment breakup between the verticals, consultancy, export, leasing, turnkey in terms of percentage for FY26. Do you have an estimate?

Rahul Mithal

If you look at let's work at reverse. You can see the order book, consultancy is about INR 2,900 crore out of INR 8,800 crore, which is roughly about nearly 30%+. The turnkey element, which I mentioned in the last response, will start generating revenue by latter part of this FY. The export revenue will start picking up as I answer.

To my assessment, we aim that the high margin, the contribution, which is primarily consultancy and export of the mix. And the balance would be picked up by turnkey. In a nutshell, the consultancy export and leasing elements, which are primarily the high-margin contributors, that we aim to be at least 60%+ so that we have a safe margin level that we have been guiding at. And then turnkey contributes to about 30% odd.

Anand B

And do you please repeat like in between, I kind of lost you. Can you just repeat on terms of breakup for consultancy, leasing and export?

Rahul Mithal

So that is, again, as I said, would vary on a Quarter on Quarter basis. And again, what would be the element of each one of them? Again, export, as I said, ten locomotives would go, we would aim at one rake from Bangladesh. Again, giving a mix of each one of them right now is too speculative. Yes, we would keep tweaking with an overall aim at keeping the EBITDA margins at 20%. As the quarters evolve, focus on the high margins, even within the export, consultancy and leasing, so that at least 60%+ remains the mix of these and turnkey doesn't 5% so that the hit on the overall margins is not substantial.

Moderator

Thank you. The next question comes from Sundar from Elara Capital.

Sundar

Hi, sir. My name is Sundar from Elara. Sir, I just wanted to understand the payment realization from the Bangladesh order. So, would it be milestone based? Or would it be at the end of the project? And have you received any advance for that?

Rahul Mithal

Yes. We have received the advance and like in all export orders, the revenue is booked as the bill of lading gets made. So, whether it is the Mozambique order or the Bangladesh order. And revenue realization normally is not an issue in them because all of them are covered by LCs. And for Bangladesh order, we've got the advance also.

Sundar

Okay. And sir, any update on the Zimbabwe export order?

Rahul Mithal

The Zimbabwe order, as I said, we have not added it still to our order book. It's about INR 700-plus crore. It's not part of the order book because we were very clear that even though the agreement is signed, the funding is not fully in place. So, while they are pursuing with us and the Afri-EXIM bank, it is yet to be fully in place. The term sheet is yet to be fully accepted.

So, we are still hopeful but it's been quite a long time, more than 2-1/2 years, that it sees the light of the day. But as of now, it's not part of the order book.

Moderator

Thank you. We have a follow-up question from Viraj Mithai from Jupiter Financial.

Viraj Mithai

Yes, sir. Can you give some color on the export side since you said we'll be focusing on exports this year. So, how are we doing on this front? And, sir, follow-up with that, we are seeing so many MOUs. So, when will the benefits of those MOU come to us?

Rahul Mithal

Right. So, as far as exports are concerned, there were two guidance, if you remember, which we had given. One was that we will aim to get one export order per quarter. I'm talking about export of rolling stock; and it's not the international project consultancy. In the export of rolling stock, we have maintained that. And even in this quarter, we've got one fresh export order from African Railway Company. So, that's as far as adding to the orders of export, which is about INR 1,400 crore now.

In terms of execution, the guidance which we had given that the Mozambique shipments will start by early this year, and they have started. The first two locomotives were gone in early July. And

we are aiming to execute the entire order this year. The execution for the Bangladesh order will be, as I mentioned sometime back that we will try and start aiming that the first rake starts before the end of the FY.

As far as the question on MOUs is concerned, each of these MOUs start a collaboration. And these are all non-financial, non-binding MOUs. They set a collaboration process. So for an example, the MOU, which we signed with Etihad Rail late last year, gave us results, and we have already got our first order of this collaboration with Etihad Rail in Jordan. We are doing a consultancy project in Jordan. And this collaboration, this interaction has already started. It has opened a lot many opportunities, which I'm sure in the coming quarters will convert into orders. So, each of these MOUs, this is just an example, our strategic collaborative MOUs, which as the opportunity comes up generate orders because you're collaborating and constantly in touch with the MOU partner.

Moderator

We have a follow-up question from Vishal Periwal from Antique Stock Broking.

Vishal Periwal

Yes, sir. Thanks for the follow-up. Sir, on that Mozambique order that we have shipped, so what sort of margins that is looking for the export now for us?

Rahul Mithal

You see, one thing is very clear that both these orders, after a hiatus of about 3-4 years, and we got the first order early in 2024, the Mozambique order. And then in the Q1 of last year, we got the Bangladesh order. These two were the first orders in the last five decades, which were on a global competitive order, and they were not on the line of Credit by Exim Bank. The margins are now leaser, as you're competing on a global tender and the erstwhile export margins were about minimum 20-25% plus.

But yes, they are competitive. And what we will try and maximize is that the more expeditious execution that you do, you inch up by at least one or two percent more by the earlier envisaged margin. So, I can only say that the overall exports margin will be lower, yes, in double digits, but not in the range of 25%, which were hitherto historically there.

Vishal Periwal

Okay. So, maybe a range wise, if not exact, it will be more like 10-15% or a bit of a higher?

Rahul Mithal

You see, every order, Vishal, will have a different margin. But I think, let me put it this way, it will be in a double digit, but not above 20%.

Moderator

Thank you. Participants, if you have a question, please press * and 1 on your telephone keypad. Participants are requested to restrict yourself to one question per participant.

A follow-up question from Anand B from Ksema Wealth Private Limited.

Anand B

Yeah. Thanks for the opportunity again. These three specific export orders that we got in the last three quarters. One is the Ntokoto Rail Holdings, the two orders from there and Tsiko Africa Logistics, the order that we got in Q2. Can you just shed some light on that and when we can get revenue realization and in which year?

Rahul Mithal

Yes Anand. This is a very interesting initiative which we have taken. It opens to huge potential. All these three orders, while from different clients, are basically similar orders. You see, Indian railways now has a large number of in-service diesel locomotives, which are spare now because of the large-scale electrification. And most of these high-horsepower diesel locomotives have a minimum of 15-20 years' life left at least, and they are at a very good competitive price. The challenge only is that this is on broad gauge, Indian railways is on broad gauge, which is 1676 millimeter. And South Africa is on Cape Gauge, which is 1067 millimeter. So, these locomotives have to be modified to be able to run on that network. So, considering we took this as a challenge because it's a win-win situation for all, for Indian Railways because these locomotives can go, They're available at a competitive price for the client. So, we've started work on that. We've gone into detailed designing on how to go about it. The designs are at a very advanced stage. They've got nearly finalized. We also started indenting the requirement for it.

The aim is to have at least one prototype ready. On paper, all the designs are ready, and the sourcing has started. But the aim is to get at least one prototype ready and get it cleared by the African Railways by end of this FY. Once the first prototype is ready, then the mass manufacture and the design proofing would have been done.

And it not only opens these nine locomotives orders which we've got in FY25, but it also opens huge amount of potential for the more than 100+ locomotives which are available to be spared for export.

Anand B

Okay. And what about the Ntokoto Rail Holdings? Is that for the supply, all of these, it's the same thing?

Rahul Mithal

There are four different orders totaling 11 locomotives, which are including the most recent two, which we received in this quarter. So now, there are four different orders of all similar locomotives, different clients but all in South Africa. And this would not only open opportunities in South Africa, but there are about 11 different countries in Africa, which have the Cape Gauge.

All of these, once the first prototype physically runs on that system and gets all the necessary statutory approval then mass manufacture will not be an issue at all.

Anand B

Okay. So, once one prototype, like, is approved, everything, so that would be a common base for all of these orders that will be going forward?

Rahul Mithal

Yes.

Anand B

Okay. In the last three quarters when you got these orders, when do you expect sort of a completion of the order?

Rahul Mithal

Yes. So, I said the first prototype, we are aiming to see that it reaches physically by end of this FY. That's the evolved design that's now being finalized, and the manufacturing will start in the next few months. Then we should be able to send the first prototype of physical trials by end of this financial year.

Moderator

Thank you. We have a follow-up question from Shreyans Mehta from Equirus Securities.

Shreyans Mehta

Yeah. Thanks for the follow-up. Sir, how should one look at the REMC part of the orders? I mean, especially from the scalability perspective, you think, I mean, it's largely INR 130-odd - INR 140-odd crore yearly? Or can we scale it up from here on as well?

Rahul Mithal

Yes. I think, Shreyans, the key point in REMCL scaling up are two folds. One is the consultancy, which it gets for the traction power procurement that it does for Indian Railways. As more states open up to open access, the quantum of procurement from them increases and our consultancy fee, which we get, increases. Efforts are on, and we've got some headway in the last few months, two states, we've opened. So, in the coming quarters, the efforts to get more states to give us open access for procurement, that's the scalability which we are aiming at. And I see a scope for at least a 20% scalability in the next one year or so. That's the one broad area for scalability.

Another area, which now REMCL is working on, is based on the experience of the last few years, which they've worked on, on the green energy area. For last 2-3 years, they've been piloting the green energy initiatives for Indian Railways. So now, they are in a position where they started getting small orders already in the last few months, and that's, again, a scope for a lot of scalabilities for consultancy opportunity for other possible clients. So, both these areas, as you would appreciate, have a scope of scalability. And REMCL can then reach much above the current levels of about INR 130- INR 140 crore.

Moderator

Thank you. The next is a follow-up question from Harshit Kapadia from Elara Securities. Mr. Harshit Kapadia, your line is unmuted. Please go ahead with your question.

Harshit Kapadia

Sorry. Yeah. Hi, sir. Thanks for the opportunity. So on turnkey, do you think since the electrification is completely done, not more EPC-related projects, which are likely to come this year or even in next five years, what's your view, let's say, in a five-year thing?

Is it going to go down or is it only going to go up? And would RITES' share remain at that same 10% share or 30% of your revenue would remain to be turnkey construction? That's the question.

Rahul Mithal

Harshit, I'm glad you asked this question because this is something important which we have been saying earlier, and we want to reiterate. We are not EPC construction company and will not be an EPC construction company. We are a consultancy company. Whether it is pure project consultancy or the export portion, which is primarily design consultancy. In turnkey also, the new orders which we are taking, whether they are in the rail infra sector or the building sector, etc., all of these are primarily consultancy work. It's not EPC tender, none of them. They are primarily consultancy.

It's the method of accounting where the revenue is flowing through our balance sheet. If, for example, the consultancy fee is INR 4 on a INR 100 project, then the revenue is INR 104 rather than INR 4. We are very clear. Our role remains the same only for certain clients for ease of dealing with one entity, single window compliances etc., they feel it is more comfortable for the revenue to flow through us.

So, that's very clear and that model, depending on the comfort of the client, we will continue to pursue because they are not really EPC construction contracts. So whether, as I said, in rail infra, like you see, we got some orders, we've got some orders in the turnkey segment in rail infra. We've got some orders in buildings, for example the IIT Delhi one work we are doing. We recently got about 10 days back the BEL work in Andhra Pradesh, which is also on basically a cost-plus turnkey model. So, that's going to be there. And that contribution would depend again over a period of time as more and more clients, whether in the building vertical or rail infra vertical come up, wanting to work on this model as a client, and we would be okay with that.

Harshit Kapadia

Understood, sir. And just one follow-up on the export side. On the Zimbabwe, you said there's been 2.5 years. So, how much more time would you think would take for us to get order? Or is there a risk that the order will be canceled?

Rahul Mithal

The Zimbabwe order, right?

Harshit Kapadia

Yeah. The Zimbabwe order, sir.

Rahul Mithal

So, very frankly, that risk is there. It was there from day one. And that's the very reason we were very clear that even though a formal agreement has been signed, we will not include it in the order book.

So, the funding is always a challenge in these orders. This funding was being arranged by the National Railway of Zimbabwe from various sources, and they are quite confident that they may still get it from the Afrexim bank. But yes, you're correct, that risk remains.

Moderator

Thank you. We have a follow-up question from Anand B from Ksema Wealth Private Limited.

Anand B

Thanks again. Just a follow-up question from before. So, since you mentioned consultancy and exports will be your main focus, so it is fair that turnkey construction, the share of revenue can go down in comparison to them?

Rahul Mithal

Yes. So, the turnkey contribution, as I said, would remain in the range of about 30%-odd percent of the total pie. That's on an average, on an annual basis. On a particular quarter, the mix may change depending on the shipment or the execution of a particular turnkey project or the shipment of an export order.

But on an annual basis, what we foresee is that the contribution from turnkey would remain in the range of about 30%-odd.

Anand B

Like not quarter basis, but like in next, let's say, 4-5 years range, in a long-term basis?

Rahul Mithal

On a long-term basis, again, we are very clear, as I said a little while back, that we are a consultancy company, and this turnkey segment is not really an EPC segment. So, it depends on the comfort level of clients. For example, many of these educational institutions, which I mentioned, the orders which we have got, like IIM Raipur, IIT Bhubaneswar, IIT Delhi, many of them prefer to deal with a single window. So, the entire revenue flows through us. Even though it's primarily the scope of work is consultancy but it's a concept to commissioning.

I gave an example, INR 104 flows through us rather than INR 4. That is what may be the extent of orders that we get on this model may change the percentage in the coming years. That we can only see in the coming quarters in terms of the fresh order inflows.

Anand B

Okay. But will it go, let's say, below 30%-odd in the next 2, 3, 4 years?

Rahul Mithal

No, it will not go below 30%.

Moderator

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

We have a follow-up question from Harshit Kapadia from Elara Securities.

Harshit Kapadia

Hi. Thanks for the opportunity. So, on REMCL, we were expecting there will be a leg-up because of the DFC. So, we understand that is the East DFC section has started. So, the REMCL is doing work for East DFC and West DFC which is partly operational.

Where are we? And is there a leg-up if, let's say, the DFC gets operational maybe this year or next year?

Rahul Mithal

Yes. So Harshit, as I explained, the REMCL leg-up happens as more and more procurement of traction power comes from states, which open up to open access. This is the target area which we keep pushing in every quarter to try and come out more states on open access. So, about 7-8 states still left, which are to come on open access. And recently, we had success in one or two states.

We are on talks and discussions to get more states open-up to open access for procurement of traction power for Indian Railways in the coming months. So that is a leg-up, which generates more revenue because in terms of electrification, the electrification is now more or less reaching its maximum 100%.

Only in terms of more traffic that flows, that grows, and it moves on these corridors or Indian Railway network that is the incremental portion, and there'll be more requirement of electrical energy. But the substantial growth is as you open up more states for open access for procurement of traction power.

Harshit Kapadia

No. Even for DFC, it would be through state only, sir?

Rahul Mithal

Yes. So, all traction power you're buying from states, the electricity you buy through the grid through open access, which is covered by the individual regulatory issues of every state.

Harshit Kapadia

So, we were expecting some 500 megawatts would be added via DFC. How much of that has been done till now, sir? Any color if you can provide?

Rahul Mithal

I would not be able to give you individual breakup figures of that right now, but definitely, the requirement of power, whether it is for the entire network, IR, etc., is primarily sourced and entirely depends on the procurement from states. And where there is no open access, limits the probability of buying, and that's what reduces the possibility of the fee that we get, the consultancy fee.

So, the catch is that more and more states as we can get on open access opens up or gives us the leg-up for larger scalability in terms of the revenue of REMCL.

Harshit Kapadia

Can you name the states which have already boarded and some states?

Rahul Mithal

I wouldn't have the list ready right away, but we'll share that with you.

Harshit Kapadia

No problem. And lastly, on the rate side, you mentioned. So, is the rate at INR 0.05 per unit? Or has it changed?

Rahul Mithal

It's about INR 0.07 per unit.

Harshit Kapadia

INR 0.07 per unit. Okay. And lastly, on your wagons, sir, I think we have a separate joint venture on the wagon side. And we have seen the procurement from the Indian Railways for wagons have increased, even the tenders were also floated.

So if you can give any color on the tendering for wagons in future? And is there a capacity expansion plan for your particular joint venture that you have?

Rahul Mithal

The joint venture with SAIL at Kulti, in fact, in last year, we started with the first major turnaround and it maintained the profitability in FY25. And now also this quarter, we've got profits. In fact, it was after about first time it has started giving dividend in FY24 and now also it's generated profit.

We have an order book of INR 480 crore as of June 30. So, the interesting thing is that, that JV, SRBWIP, is not only getting orders from Indian Railways, but also orders from private players, which it has executed successfully last year.

So, we see potential. We've also recently got design approvals for container flat wagons from RDSO. So, now we are pitching for getting orders for manufacturing of this type of wagons from not only Indian Railways, but from private players also. So, this order book of INR 480 crore is only going to increase in the coming quarters.

Moderator

Thank you. We have a follow-up question from Anand B from Ksema Wealth Private Limited.

Anand B

Thanks for the opportunity again. I just want to get a shed on the dividend payout, sir. In the last conference call, you mentioned the payout to be around 95% for the current FY26. Would you still maintain that dividend payout?

Rahul Mithal

Yes, Anand. You see, we are a debt-free company with low Capex requirements. With that, broadly, our pattern of dividend that you see in every quarter and even if you see on the FY basis and even now the dividend that we have declared for quarter one is in that range. We will try maintaining that trend in the coming quarters in terms of the dividend payout percentage.

Anand B

Okay. So, I think in this quarter, you gave an interim dividend of INR 1.3 per share.

Rahul Mithal

Yes.

Anand B

So, at the end of the financial year, what would be the total dividend that we'll be able to declare?

Rahul Mithal

That would be speculative, but you see, by the trend and my guidance that we will maintain the levels of dividend payout ratio, which we have maintained. It also depends on how much profit we're going to make, right?

Anand B

Yes. Right, sir. Yeah, go ahead. Sorry, sir.

Rahul Mithal

No, I said we'll try maintaining that dividend payout percentage in the range that we mentioned. And that's the basic business model. So, depending on the way we are aiming for the profit levels on the entire FY basis. But this is for sure that every quarter, we will declare some dividend. That's for sure.

Moderator

Thank you. We have a follow-up question from Harshit Kapadia from Elara Securities.

Harshit Kapadia

Yeah. Hi, sir. Thanks again. On turnkey construction, sir, we have seen in the last two years, it has been open for even private sector. So, can you just give some understanding on how has been the private sector competition in the turnkey project? And has it impacted on your business for RITES and margin? Is there aggression coming from private sector? It is still largely, you three guys, the PSUs are getting the majority of the project, sir?

Rahul Mithal

No, not at all, Harshit. In fact, all these orders across sector and as I mentioned, not the rail infrastructure alone, even the building sector; these are open to all players, whether private or PSU. So, we are very clear, as RITES, we are not bidding for EPC tenders, those is for construction companies to bid for, whether they are private players or other PSUs. We are basically bidding for tenders, whether in rail infra or building, where primarily the expected scope of work is on a cost plus PMC type of model, where the revenue flows through us.

So, that's the basic difference between our orders and the other private players or other PSUs. So yes, even for this, there are huge amount of competition, but our pickup on the turnkey segment is very focused and very specific in not going into the EPC model.

Moderator

Thank you. The next question comes from Parimal Mithani from Credential Investments.

Parimal Mithani

Sir, thanks for the opportunity. Sir, this is regarding your JV with a consultancy with DNV business. Can you just highlight how the business is in terms of going and what's the way ahead from there?

Rahul Mithal

JV with?

Parimal Mithani

DNV business with the Norwegian company for quality assurance, which we are tied up with.

Rahul Mithal

So, that's not a JV. That's basically the partnership for the consultancy, which we are doing for quality assurance. Yes, that we are working with them

Rahul Mithal

My Director of Technical is here in front of me. So, that's a partnership really, not a JV. And we had collaborated with them on some opportunities, nothing very substantial in terms of revenue realization. So, it's there that it's kind of an MoU, which is there for collaboration. And we keep looking for more opportunities if they come, whether domestic.

The aim of that collaboration with them was, if you remember, this was quite some time back or more than a year back, when the quality assurance vertical was reinventing itself to come out of the crisis. And we were looking at various domestic and international partners to complement our gaps, which we had in our capability to try and target newer clients.

And for that, this was one of the initiatives and many such initiatives have resulted. In the fact that the quarter that went by, our quality assurance vertical, which I said some time back, has seen the bottom of the barrel and it has come out of it. And now, we have two-third of our quality assurance revenue is from the non-Indian Railways traditional clients. So, steps like these have only helped us reach that stage now.

Moderator

Thank you. We have a follow-up question from Anand B from Ksema Wealth Private Limited.

Anand B

Hey. Thanks again. Just shed light on the competition nomination point of view. So, the last couple of quarters, the trend has been going down from 63%-odd to now, I think, it's coming to 53% competition versus nomination.

So, where you shed a light on, will this trend continue henceforth?

Rahul Mithal

No. In fact, what you're seeing is a breakup of the order book. If you analyze the fresh inflow breakup of the competition vis-a-vis the nomination in fresh inflow, a larger percentage, I would say about 65-70% are on competitive basis, and this trend is only increasing.

The order book breaks up, yes, if you're seeing this is slight reduction, but that basically depends on maybe some of the orders on the competitive basis have got executed. So, that keeps varying.

But in terms of an overall feel, just to get you a feel, most of these orders, like for example, in the Q1 that went by, we got about 155 orders totaling to about INR 400-plus crore, INR 400-odd crore. Majority of them, two-third plus are on competitive basis.

Moderator

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

Rahul Mithal

Thank you all. I am glad that the questions which were asked really helped us give our detailed insights and in-depth analysis into what is, where we are, how the Q1 was and what is the way forward for this FY?

As I said in the outset, the focus now is on expeditious execution so that this young order book starts generating revenue, whether it is from the export vertical or the consultancy or turnkey. And by the later part of the FY, number one, sequentially, you should see an improvement and later on the FY basis, a substantial improvement.

So that overall we surpassed the figure of last year. That is a nutshell, to my mind, the way forward for the coming FY. Thank you.

Moderator

Thank you, sir. Thank you all for being a part of this conference call. If you need any further information or clarification, please e-mail at investors@rites.com.

Ladies and gentlemen, this concludes your conference for today. Thank you.

-End-

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