

RITES Ltd

Nifty	22,125
Sensex	73,198

Key Stock Data

LTP*	₹204.4
Market Cap (₹ bn)	~₹92
52W High/Low	402.5/200.5
Shares o/s (mn)	480.6
NSE Code	RITES
BSE Code	541556
Bloomberg	RITE:IN

LTP* as on 28th Feb 25

Shareholding Pattern Dec'24 (%)

Promoters	72.2
FIIIs	3.34
DIIIs	8.83
Public	15.63

(₹ mn)

PARTICULARS	FY21	FY22	FY23	FY24
Net Sales	18,432	25,752	25,196	24,529
EBIDTA	5,056	6,520	6,553	6,441
EBIDTA Margin (%)	27.4	25.3	26.0	26.3
PAT	4,244	4,971	5,305	4,897
EPS (₹)	17.7	20.7	22.1	20.0
DPS (₹)	13.0	17.0	20.5	18.0
RoE (%)	18.3	20.7	21.2	18.8
RoCE (%)	22.1	26.2	25.5	20
P/E (x)	11.1	9.1	8.6	10.0

Source: Company, Way2Wealth

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Q3FY25 Result Highlights

- **Drop in Consultancy, Turnkey leads to sales decline** – Q3 revenues saw a decline of 16% YoY to ₹5.7bn, led by a revenue drop in Consultancy and Turnkey segments. Segment-wise, revenue from Consultancy fell 6% YoY to ₹3.0. Revenue from the Turnkey segment fell 13% YoY to ₹2.2bn and from power generation 32% YoY to ₹21mn. Export of rolling stock dropped by 99% to ₹7mn, however leasing grew 10% YoY to ₹403mn. RITES has highlighted that the consultancy segment is seeing an increased contribution from the non-IR segment, particularly in QA (Quality Assurance). The company is focusing on strengthening its International QA segment and exploring opportunities in countries like UAE, Saudi Arabia, Oman.
- **Margin decline led by slowdown in execution** – EBITDA margin declined 435bps YoY to 20.4% in Q3, impacted by lower revenue from the quality assurance and turnkey segments, also increase in the competition in the segment orders.
- **Green shoots in exports; expect a comeback in FY26** – Export orders from Bangladesh and Mozambique contribute to an order book of approximately ₹13bn. The expected completion timeline for these projects is 12-18 months, with a minimum of 40% revenue realization anticipated in the upcoming FY26. The bill of lading for the Zimbabwe order is still pending, as the process is delayed due to the extended timeline taken by Afri-EXIM Bank. **The management expects revenue to grow by 20% in FY26, with EBITDA margins projected to be around 20%. PAT margins are anticipated to be in the range of 15-16%.**
- **Strong Order book will drive the future growth** – Q3FY25 order book stood at ₹80bn with ₹27.7bn from Consultancy Segment, ₹13.2bn from Exports segment, ₹35.7bn from Turnkey segment, ₹1.9bn from Leasing segment, & ₹1.2bn from REMC

View

RITES continued to witness a decline in topline and margin due to a shift from nomination to competitive bidding in Consultancy. However, robust order wins in exports through FY24-25 have led to an export orderbook of ₹13bn as of Q3, which is likely to see execution from FY26. A rebound in exports with robust order inflows makes RITES a favorable play in infrastructure. **Currently, the stock is trading at 13.9X on FY27E P/E. We recommend HOLD at these current levels.**

FINANCIALS

(₹ mn)								
PARTICULARS	Q3FY25	Q3FY24	YOY (%)	Q2FY25	QOQ (%)	9MFY25	9MFY24	YOY(%)
Net Sales	5,758	6,829	-16	5,409	6	16024	18096	-11
EBITDA	1,173	1,689	-31	1,063	10	3294	4682	-30
EBITDA margin (%)	20.4%	24.7%	-435bps	19.6%	73bps	20.6%	25.9%	-531bps
Other income	384	170	127	213	81	822	617	33
Depreciation	160	150	7	149	7	453	451	1
Interest	10	19	-45	24	-57	45	42	7
Pre-tax profit	1,440	1,708	-16	1,113	29	3703	4837	-23
Tax (current+deferred)	346	421	-18	288	20	879	1251	-30
PAT	1,094	1,288	-15	825	33	2823	3585	-21

Source: Company, Way2Wealth Research

SEGMENTAL PERFORMANCE

(₹ mn)								
SEGMENTAL REVENUE	Q3FY25	Q3FY24	YOY (%)	Q2FY25	QOQ (%)	9MFY25	9MFY24	YOY(%)
Consultancy	3,094	3,289	-6	2,977	4	8785	9535	-8
Exports	7	580	-99	23	-68	80.1	972.2	-92
Leasing	403	365	10	352	15	1092.1	986.6	11
Turnkey Projects	2,232	2,564	-13	2,011	11	5949.6	6444.9	-8
Power generation	21	31	-32	46	-54	116.9	156.9	-25
Segmental EBIT								
Consultancy	1,231	1,465	-16	1,048	18	3369.3	4394.8	-23
Exports	1	174	-100	6	-90	386	387.6	0
Leasing	145	147	-2	112	29	386	387.6	0
Turnkey Projects	26	60	-57	23	13	69.1	121.8	-43
Power generation	(15)	(7)	110	9	-262	5.6	33.5	-83
EBIT Margin %								
Consultancy	39.8%	44.5%	-474bps	35.2%	461bps	38.4%	46.1%	-774bps
Exports	8.1%	30.0%	-2186bps	27.3%	-1916bps	481.9%	39.9%	44203bps
Leasing	35.9%	40.2%	-437bps	31.9%	396bps	35.3%	39.3%	-394bps
Turnkey Projects	1.1%	2.3%	-120bps	1.1%	2bps	1.2%	1.9%	-73bps
Power generation	-71.9%	-23.2%	-4875bps	20.4%	-5151bps	4.8%	21.4%	-1656bps

Source: Company, Way2Wealth

FINANCIALS & VALUATIONS

(₹ mn)							
PARTICULARS	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue	19,053	26,618	26,283	24,529	22151	27773	34444
EBITDA	5,496	7,238	7,449	6,441	4708	5823	7128
EBITDA Margin(%)	28.8	27.2	28.3	26.3	21.3	21.0	20.7
Adj.PAT	4,431	5,379	5,700	4,897	3473	4048	5282
EPS (₹)	18	22	24	20	8.2	11.2	14.7
PE(x)	11.1	9.1	8.6	10.0	24.9	18.2	13.9
RoE (%)	17.6	22.0	22.4	18.8	12.6	15.1	18.4
ROA	8.5	11.3	11.5	10.0	8.9	9.8	10.7

Source: Company, Way2Wealth

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Name of the Security	BITES Ltd.
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained	No
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
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