

RITES Ltd

Sensex	75,183
Nifty	23,654

Key Stock Data

Close*	204.85
Market Cap (₹ bn)	98.18
52W High/Low	316/175
NSE Code	RITES
BSE Code	541556
Bloomberg	RITE:IN

 Close* as on 21st May 2026

Shareholding Pattern Mar'26 (%)

Promoters	72.20
FII	3.50
DII	8.70
Public & Others	15.60

(₹ mn)

	2024	2025	2026	2027E	2028E
Revenue	24,529	22,178	24,151	29,425	35,861
EBITDA	6,610	5,430	5,541	7,135	7,766
EBITDA Margin	27%	24%	23%	24%	23%
PAT	4,950	4,240	4,544	4,674	5,673
EPS	9.48	8.01	8.54	9.85	12.05
ROE	18.97	16.05	15.4	17.6	21.4
P/E	35.01	27.89	20.57	16.95	17.31

Source: Company, Way2Wealth

Q4FY26 Result Highlights

Overall Business Outlook & Strategic Positioning

- FY26 marked the beginning of a structural growth phase after 2–3 years of business reengineering and consolidation.
- Delivered double-digit growth while maintaining profitability despite rising competitive intensity.
- Ended FY26 with highest-ever order book of ₹94,160mn despite executing >₹7,500mn revenue in Q4.
- Management highlighted strong execution visibility and improving order inflow momentum.
- More than 50% of order book is “young” (12–18 months old), which typically enters peak execution/revenue phase.
- Maintained strong order inflow trajectory with ~1 order per day and ~1 export order per quarter during FY26.
- Management reiterated confidence in “substantial disruptive growth” over the next few years.

Consultancy Segment

- Consultancy revenue grew ~6% YoY in FY26 despite elevated competition.
- QA (Quality Assurance) business staged a strong recovery after weakness over the last two years.
- QA segment grew ~16% YoY and returned to FY24 revenue levels.
- Business mix improved materially with non-Indian Railways contribution now >60%.
- **Consultancy revenues diversified across 13 verticals including:**
 - Railways
 - Highways
 - Ports
 - Airports
 - Bridges
 - Urban infrastructure
- Management remains optimistic on sustained consultancy growth supported by government infrastructure spending and steady execution.

Turnkey Segment

- Management clarified RITES remains primarily a consultancy/project management company and not a construction contractor.
- Lower margins in turnkey are accounting-driven due to full project value recognition in revenues.
- **Example shared by management:**
 - Consultancy mode: ₹50mn revenue on ₹1,000mn project.
 - Turnkey mode: ~₹1,050mn revenue despite similar fee economics.
- Turnkey revenue declined by ~₹2,000mn YoY during FY26 due to projects being in early execution stages.
- Nearly two-thirds of ₹45,800mn turnkey order book is currently in 1–2 year execution phase.
- **Key execution drivers going ahead:**
 - IIT projects
 - IIM projects
 - Rail infra projects
 - Private siding projects
- Management expects turnkey revenues to recover to prior peak levels during FY27.

Ashwini Sonawane
ashwinisonawane@way2wealth.com

Ph:022-4019 2913

Export Segment

- Export business emerged as a key growth driver during FY26.
- Export execution crossed ₹3,000mn after nearly two years of subdued activity.
- Mozambique locomotive export order fully executed during FY26.
- Bangladesh coach export order expected to be the key growth driver in FY27.
- **Bangladesh order details:**
 - 200 coach supply order.
 - Prototype approvals completed.
 - Production in advanced stages.
 - First rake of 20 coaches expected in coming months.
 - Multiple rake deliveries planned during FY27.
- Management expects FY27 export execution to be “much higher” than FY26.
- New export opportunity emerging in African markets:
 - Conversion of Indian Railways diesel locomotives into cape-gauge locomotives.
 - First two prototype locomotives already completed.
 - Current opportunity pipeline of ~30 locomotives.

Margins & Profitability

- Margins expected to moderate gradually due to higher share of competitively bid projects.
- **Competitive projects now account for:**
 - ~63% of overall order book.
 - 70% of fresh order inflows.
- Competitive projects structurally carry lower margins versus historical nomination-based business.
- **Management** reiterated profitability guardrails:
 - EBITDA margin floor ~20%.
 - PAT margin floor ~15%.
- FY27 revenues could potentially surpass historical peak revenue levels.
- Profit growth likely to lag revenue growth due to changing business mix.
- Management indicated all-time high profitability levels may take another 2–3 years to achieve.

RMCL / Renewable Energy Business

- RMCL revenue grew ~16% YoY to ~₹1,630mn.
- RMCL profits increased ~19% YoY to nearly ₹900mn.
- RMCL paid ~₹420mn dividend to RITES during FY26.
- Indian Railways electrification nearing saturation, limiting future railway-linked growth.
- **RMCL diversifying into:**
 - Renewable energy consultancy for external clients.
 - International consultancy opportunities.
- Management confident of securing RMCL’s first international consultancy order during FY27.

Order Book, Execution & Capex Outlook

- Management remains positive on overall infrastructure spending environment.
- Does not foresee meaningful slowdown in railway/government capex execution.
- **Healthy order inflows continue across multiple infrastructure verticals:**
 - Railways
 - Highways
 - Ports
 - Airports
 - Bridges
 - Shipbuilding
- **Recent notable wins include:**
 - Airport consultancy projects.
 - Shipbuilding cluster consultancy project from Kandla.
- Asset-light consultancy model keeps working capital requirements minimal.
- Price variation clauses in execution contracts protect against raw material inflation risks.
- Management remains confident on sustaining execution growth and healthy order inflows over the medium term.

View

Q4FY26 performance marks the beginning of a structural growth phase for RITES, with strong execution momentum, improving exports and record order book providing multi-year revenue visibility. Revenue acceleration in Q4 alongside the highest-ever order book of ₹94,160mn reinforces management's confidence in delivering "substantial disruptive growth" over FY27–28 as a large portion of the backlog enters peak execution phase. Export recovery has strengthened materially with Bangladesh coach deliveries and African locomotive opportunities expected to drive the next leg of growth, while turnkey projects are also moving into meaningful execution stages after a prolonged incubation period. Consultancy business remains resilient with recovery in the QA segment and improved diversification across non-railway verticals. Although increasing competitive order mix is expected to structurally moderate margins over time, management remains focused on maintaining EBITDA margins above 20% and PAT margins above 15%. Overall, commentary suggests improving execution intensity, strong order inflows and rising export contribution should support healthy double-digit revenue growth with sustained earnings expansion over the medium term. **Currently, the stock is trading at 24X P/E, which is around its 5-year average P/E of 23.4x. Hence, we recommend HOLD at these current levels.**

FINANCIALS

(₹ mn)

PARTICULARS	Q4FY26	Q4FY25	YOY (%)	Q3FY26	QOQ (%)	FY26	FY25	YOY(%)
Net Sales	7,683	6,154	25%	6,086	26%	24,151	22,178	9
EBITDA	1,682	1,856	-9%	1,422	18%	5,541	5,150	8
EBITDA margin (%)	21.9%	30.2%	-827bps	23.4%	-148bps	22.9%	23.2%	-28bps
Other income	310	235	32%	263	18%	1,095	1,057	4
Depreciation	165	168	-2%	170	-3%	660	621	6
Interest	9	13	-30%	7	25%	38	58	-34
Pre-tax profit	1,858	1,947	-5%	1,541	21%	6,078	5,650	8
Tax (current+deferred)	464	534	-13%	390	19%	1,533	1,414	8
PAT	1,394	1,413	-1%	1,151	21%	4,544	4,236	7

SEGMENTAL REVENUE	Q4FY26	Q4FY25	YOY (%)	Q3FY26	QOQ (%)	FY26	FY25	YOY(%)
Consultancy	3,624	3,623	0%	3,296	10%	13,097	12,408	6
Exports	1,905	75	2447%	620	207%	3,163	155	1942
Leasing	436	411	6%	431	1%	1,721	1,503	14
Turnkey Projects	1,686	2,017	-16%	1,724	-2%	6,024	7,966	-24
Power generation	32	29	11%	15	111%	146	145	1

SEGMENTAL EBIT	Q4FY26	Q4FY25	YOY (%)	Q3FY26	QOQ (%)	FY26	FY25	YOY (%)
Consultancy	1,404	1,754	-20%	1,398	0%	5,175	5,124	1
Exports	363	61	498%	84	335%	502	91	449
Leasing	161	142	14%	148	9%	600	528	14
Turnkey Projects	40	44	-10%	22	81%	97	114	-14
Power generation	(16)	(8)	93%	(23)	-30%	(16)	(3)	507

EBIT MARGIN %	Q4FY26	Q4FY25	BPS CHG	Q3FY26	BPS CHG	FY26	FY25	YOY(%)
Consultancy	38.7%	48.4%	-968bps	42.4%	-366bps	39.5%	41.3%	-178bps
Exports	19.1%	81.3%	-6221bps	13.5%	559bps	15.9%	59.0%	-4314bps
Leasing	37.0%	34.4%	255bps	34.3%	263bps	34.9%	35.1%	-21bps
Turnkey Projects	2.4%	2.2%	16bps	1.3%	108bps	1.6%	1.4%	19bps
Power generation	-50.8%	-29.1%	-2167bps	-153.7%	-20448bps	-11.2%	-1.9%	-936bps

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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