

Tue, 16<sup>th</sup> Nov '21

## OVERVIEW

- RITES Ltd is a multi-disciplinary consultancy organization.
- The company's operating segment includes Consultancy Services, Leasing of railway rolling stock and equipment, Export of rolling stock, equipment and spares, Turnkey Construction Projects, and Power Generation.
- The firm generates a majority of its revenue from Consultancy services.
- The firm operates in various sectors such as airports, highways, bridge and tunnel engineering, and industrial engineering among others.
- The company is a strong player in the Mass Rapid Transit Systems (MRTS) and focus on consolidating its position by capturing sizeable business.

## BUSINESS STRATEGY

- A well-diversified business model with key verticals, RITES has stayed hedged against risks inherent in infrastructure business.
- Company has expanded its reach through its subsidiaries and JV Companies by venturing into the business of wagon manufacturing, power management for Indian Railways (IR) and renewable energy.
- Through its subsidiary REMC Ltd. is helping Indian Railways in accomplishing its solar mission and thus driving its journey towards becoming the world class integrated power player in the sector.

## GROWTH & VISION

- Company strives to remain engaged in upcoming domestic mega projects, especially emerging out of National Infrastructure Pipeline.
- Company is expected to tap opportunities for consultancy in high speed rail, multi-modal transport hubs, urban transport and export & leasing of rolling stock etc.
- RITES is expected to adopt Industry 4.0 guidelines to the extent it promotes digital integration of services and data analytics.
- Ambitious large projects of the Government of India such as Bharatmala Project provide an excellent opportunity to the company.

## SUBSIDIARIES & JOINT VENTURES

- Subsidiaries: REMC Ltd., RITES (Afrika) (Pty) Limited, RITES Infrastructure Services Limited, RITES Mohwarean Arabia Company Limited
- Joint Ventures: SAIL-RITES Bengal Wagon Industry Private Limited (50% stake in JV) and Indian Railway Stations Development Corporation Limited (24% stake in JV acquired during the current financial year).

## FUTURE OUTLOOK

- The unexecuted order book as on March 31, 2021, stood at Rs. 6277 Cr, which gives strong revenue and margin visibility for the next 2-3 years.
- The Indian Railways is planning to harness 3000 MW solar power on vacant railway land in the country mainly through developer mode (tariff-based competitive bidding) without much capital investment by the Railways in next few years through REMC Ltd.
- to meet the RPO obligations of Indian Railways, about 20 per cent traction power shall be procured from renewable energy sources through REMC Ltd

## FINANCIAL HIGHLIGHTS

- Consolidated revenue during the year was Rs. 2005 Cr., Compared Rs. 2734 Cr. last year.
- Profit after tax was Rs. 444 Cr. in FY-21, Compared to Rs. 633 Cr. in FY-20.
- While sustaining profit margins at 22.2%.
- The total dividend for financial year 2020-21 is Rs. 312 Cr. (i.e. Rs. 13 per share) which is 130 % of paid up share capital of the company.

**Disclaimer:** The analysis is only for information purposes only. Please consult your financial advisor, agent and broker before acting on any information. We may or may not have positions in the stock. We would not be responsible for the profit/loss resulting from this analysis.

Growth Rates % (Compound Annual)	1 Yr	3 Yr	5 Yr	10yr
Revenue	-24.9	7.5	11.3	-
Operating Income	-22.7	0.7	8.2	-
Earnings/Share	-28.8	8.6	9.3	-
Dividends	13.6	-	-	-
Book Value/Share	-5.5	-	-	-
Stock Total Return	25.1	-	-	-
Market +/-	-10.9	-0.4	-	-

Valuation Ratio	Current	5Yr Avg	Ind	Mkt.
Price/Earnings	16.0	-	34.9	16.0
Forward P/E	-	-	-	-
Price/Cash Flow	13.7	-	-	10.4
Price/Free Cash Flow	16.2	-	-	-
Dividend Yield %	5.2	-	1.0	2.6
Price/Book	2.9	-	3.2	2.2
Price/Sales	3.8	-	1.3	-

Profitability Ratio	Current	5Yr Avg	Ind.	Mkt.
Return on Equity	-	18.9	8.5	15.4
Return on Asset	-	8.2	1.9	5.6
Gross Margin	60.7	62.5	29.2	-
Operating Margin	28.4	28.2	11.2	-
Net Margin	23.5	23.7	3.8	21.6
Inventory Turns	-	13.5	8.1	-
Fixed Asset Turns	-	3.6	7.3	-

Financial Position (INR)	03-20(Mil.)	03-21 (Mil.)
Cash	3,818	5,239
Inventories	107	2,862
Receivables	—	—
Current Assets	50,179	48,111
Fixed Assets	6,270	6,573
Intangibles	42	40
Total Assets	59,346	58,333
Payables	2,782	3,684
Short-Term Debt	77	77
Current Liabilities	29,077	30,950
Long-Term Debt	326	246
Total Liabilities	32,198	33,532
Total Equity	26,333	23,920

Source: Company filings & Analyst Research