

Strong Orderbook to Drive Growth

Est. Vs. Actual for Q3FY26: Revenue – MISS; EBITDA Margin – MISS; PAT – INLINE
Change in Estimates post Q3FY26 (Abs.)

FY26E/FY27E: Revenue: -10%/-2%; EBITDA: -6%/2%; PAT: -8%/2%

Recommendation Rationale

- **Strong Order Book:** In Q3FY26, the company secured over 140 new orders aggregating Rs 1,141 Cr, taking the total order book to Rs 9,262 Cr and providing strong revenue visibility for the next 2–2.5 years. Importantly, the consultancy segment accounts for around 30% of the order book, supporting a superior margin profile. With a robust tender pipeline and rising opportunities across the infrastructure landscape, the company remains well-positioned to deliver sustainable long-term growth.
- **Export Vertical to Support Revenue Growth:** The company has secured 2 export orders worth Rs 346 Cr, with revenue contribution from exports improving. Given this momentum, the company's revenue is expected to register a CAGR of 10% over FY25–FY27E.
- **Pickup in contribution from Turnkey Projects to Sales Growth:** The turnkey segment has begun to show an uptick from this quarter. While turnkey revenues have declined currently as most projects remain in the early stages, execution is expected to pick up as these projects progress to more advanced stages, driving a sharper acceleration in revenue momentum. With turnkey projects accounting for 49% of the company's order book, this segment is expected to be a key driver of revenue growth going forward.

Sector Outlook: POSITIVE

Company Outlook & Guidance: For FY26, management expects a double-digit revenue growth and margins of around 20% and an orderbook close to Rs 10,000 Cr.

Current Valuation: 24x FY27E (Earlier Valuation: 24x FY27E EPS).

Current TP: Rs 275/share (Earlier TP: Rs 280/share).

Recommendation: We maintain our **BUY** recommendation for the stock.

Financial Performance

RITES Ltd. reported a positive performance in Q3FY26, with revenue of Rs 609 Cr (up 6% YoY), driven by growth across all segments except turnkey. EBITDA stood at Rs 142 Cr (up 21% YoY), and PAT came in at Rs 115 Cr (up 5% YoY). The company reported EBITDA margins of 23.4% in Q3FY26 (our estimate: 24%) compared to 20.4% in Q3FY25.

During the quarter, RITES recorded Consultancy sales of Rs 330 Cr (up 6.5% YoY), Export sales of Rs 62 Cr (marginally high YoY), Leasing sales of Rs 43 Cr (up 6.7% YoY), and Turnkey sales of Rs 173 Cr (down 22% YoY). The EBITDA margins of the Consultancy/Export/Leasing stood at 42%/13%/34% respectively.

Outlook

The company maintains a robust order book along with a clean balance sheet, strong return ratios, and a healthy dividend payout. With favourable opportunities across segments, particularly in high-margin consultancy projects, it is expected to deliver Revenue/EBITDA/PAT growth of 10%/7%/7% CAGR over FY25-27E. However, elevated competitive intensity is likely to keep margin pressures intact.

Valuation & Recommendation

The stock is currently trading at 28x/22x FY26E/FY27E EPS. We recommend a BUY rating on the stock and value the company at 24x FY27 EPS to arrive at a TP of Rs 275/share, implying an upside of 24% from the CMP.

Key Financials (Consolidated)

(Rs Cr)	Q3FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	609	11	6	633	-4%
EBITDA	142	9	21	152	-6%
EBITDA Margin	23.4%	-31bps	298bps	24.0%	-63bps
Net Profit	115	5	5	116	-1%
EPS (Rs)	2	4	2	2	-12%

Source: Company, Axis Securities Research

(CMP as of 5th February, 2026)

CMP (Rs)	223
Upside /Downside (%)	24%
High/Low (Rs)	316/ 192
Market cap (Cr)	10704
Avg. daily vol. (6m) Shrs.	1786275
No. of shares (Cr)	48.1

Shareholding (%)

	Jun-25	Sep-25	Dec-25
Promoter	72.2	72.2	72.2
FII's	3.5	3.5	3.5
MFs / UTI	2.2	2.3	2.3
Banks / FIs	0.0	0.0	0.0
Others	22.1	22.0	22.1

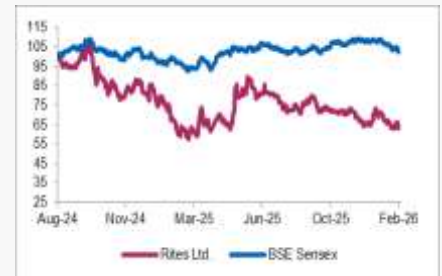
Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	2,218	2,471	3,299
EBITDA	515	586	779
Net Profit	382	432	552
EPS (Rs)	8	9	11
PER (x)	31	28	22
P/BV (x)	23	20	15
EV/EBITDA (x)	4.5	4.4	4.1
ROE (%)	14	15	18

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	-10%	-2%
EBITDA	-6%	2%
PAT	-8%	2%

Relative Performance



Source: Axis Securities Research

Results Gallery

[Q2FY26](#)

[Q1FY26](#)

[Q4FY25](#)

[Q3FY25](#)

Uttam K Srimal

Sr Research Analyst
Uttamkumar.srimal@axissecurities.in

Shikha Doshi

Research Associate
shikha.doshi@axissecurities.in

Key Concall Highlights

- **Order Book:** The order book stood at Rs 9,262 Cr as of Q3FY26. Segment-wise, Consultancy accounted for 30% (Rs 2,739 Cr), Turnkey 49% (Rs 4,532 Cr), Exports 18% (Rs 1,708 Cr), Leasing 2% (Rs 163 Cr), and REMCL 1% (Rs 120 Cr). Of the total order book, 39% of projects were secured through nomination, while 61% were won via competitive bidding. During Q3FY26, the company secured fresh orders worth Rs 1,141 Cr.
- **Consultancy Segment:** Consultancy revenue in Q3FY26 stood at Rs 330 Cr, up 6.5% YoY, driven by improved execution and better fee realisation. Order inflows during the quarter were Rs 313 Cr. Consultancy remained the largest contributor to revenue and profitability, with management indicating its intent to sustain growth momentum in this segment.
- **Turnkey & Leasing:** Turnkey revenues declined to Rs 172 Cr, primarily as several newly awarded projects remain at an early execution stage. The Leasing business continued to register steady growth; however, rising competition from new entrants has exerted pressure on margins.
- **Exports:** During Q3FY26, the company secured two export orders worth Rs 346 Cr, taking the export order book to Rs 1,708 Cr. Export revenues stood at Rs 62 Cr, with the uptick largely driven by locomotive supplies to Mozambique.
- **REMC Business:** The REMC segment reported revenue of Rs 43 Cr in Q3FY26, reflecting a strong 28% YoY growth.
- **Capex:** The company's capex target for FY26 is Rs 75 Cr, consistent with its asset-light and low-capex operating model.
- **Dividend Payout:** The Board recommended an interim dividend of 95.6%, translating to Rs 1.9 per share for Q3FY26, subject to shareholder approval.

Key Risks to Our Estimates and TP

- Slower order wins may impact revenue growth.
- Higher competitive intensity may impact margins.

Change in Estimates

	New		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	2,471	3,299	2,735	3,367	-10%	-2%
EBITDA	586	779	626	764	-6%	2%
PAT	435	552	473	542	-8%	2%

Source: Company, Axis Securities Research

Result Review Q3FY26

(Rs Cr)	Quarterly Performance				
	Q3FY26	Q2FY26	Q3FY25	% Change (QoQ)	% Change (YoY)
Sales	609	549	576	11	6
Other Op. Inc	0	0	0		
Total Revenue	609	549	576	11	6
Expenditure					
Employee Benefit expense	131	127	125	3	5
Travel	15	14	15	4	1
Supplies & Services	237	185	283	28	(16)
Cost of Export Sales	74	30	17	148	325
Cost of Turnkey Const. Projects	0	0	0	0	0
Transmission & Wheeling charges	0	0	0	0	0
Other Expense	10	62	18	(84)	(44)
Total Expenditure	466	419	458	11	2
EBIDTA	142	130	118	9	21
EBITDA Margins	23.4%	23.7%	20.4%	-31bps	298bps
Oth. Inc.	26	30	38	(14)	(32)
Interest	1	1	1	0	(30)
Depreciation	17	17	16	(1)	6
PBT	151	143	139	6	9
Tax	39	37	35	5	12
Share of JV	3	4	5	(24)	(38)
PAT	115	110	110	5	5
EPS	2.1	2.0	2.1	4	2

Source: Company, Axis Securities Research

Financials (consolidated)

Profit & Loss					(Rs Cr)
Y/E March	FY24	FY25	FY26E	FY27E	
Net sales	2,453	2,218	2,471	3,299	
Other operating income	0	0	0	0	
Total income	2,453	2,218	2,471	3,299	
Employee Expenses	492	503	582	627	
Contribution (%)	80%	77%	76%	81%	
Other Expenses	1,316	1,199	1,303	1,894	
Operating Profit	644	515	586	779	
Other income	86	106	105	99	
PBIDT	730	621	691	877	
Depreciation	61	62	66	74	
Interest & Fin Chg.	5	6	4	9	
Pre-tax profit	665	553	620	795	
Tax provision	175	141	161	207	
PAT	490	412	460	588	
(-) Minority Interests	40	39	35	36	
Associates	5	12	10	0	
Other Comprehensive Income		0	0.0		
Adjusted PAT	456	382	432	552	
Reported PAT	456	385	435	552	

Source: Company, Axis Securities Research

Balance Sheet					(Rs Cr)
Y/E March	FY24	FY25	FY26E	FY27E	
Total assets	2,925	2,932	2,987	3,176	
Net Block	513	574	583	629	
CWIP	174	48	48	48	
Investments	132	407	407	407	
Wkg. cap. (excl cash)	1,009	773	976	1,175	
Cash / Bank balance	778	940	783	728	
other Assets	320	190	190	190	
Capital employed	2,926	2,932	3,005	3,195	
Equity capital	240	481	481	481	
Reserves	2,369	2,160	2,232	2,422	
Pref. Share Capital	112	109	109	109	
Minority Interests	2	2	2	2	
Borrowings	14	12	12	12	
LT Provisions and others	190	168	168	168	
Def Tax Liabilities	2,925	2,932	2,987	3,176	

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
PBT	670	565	620	795
Depreciation	61	62	66	74
Interest Expense	5	6	4	9
Changes in Working Capital	-15	265	-202	-199
Others	-66	-94	-114	-99
Tax Paid	-223	-165	-161	-207
Net Cash from Operations	432	638	213	373
Capex	-137	-133	-75	-120
Investment	1	5	0	0
Others	123	-92	105	99
Net Cash from Investing	11	-220	30	-21
Borrowings	0	0	0	0
Interest Expense	0	0	-4	-9
Dividend paid	-457	-356	-362	-362
Others	-47	-7	0	0
Net Cash from Financing	-504	-404	-201	-407
Net Change in Cash	-61	14	42	-55
Opening cash	114	53	67	109
Closing cash	53	67	109	54

Source: Company, Axis Securities Research

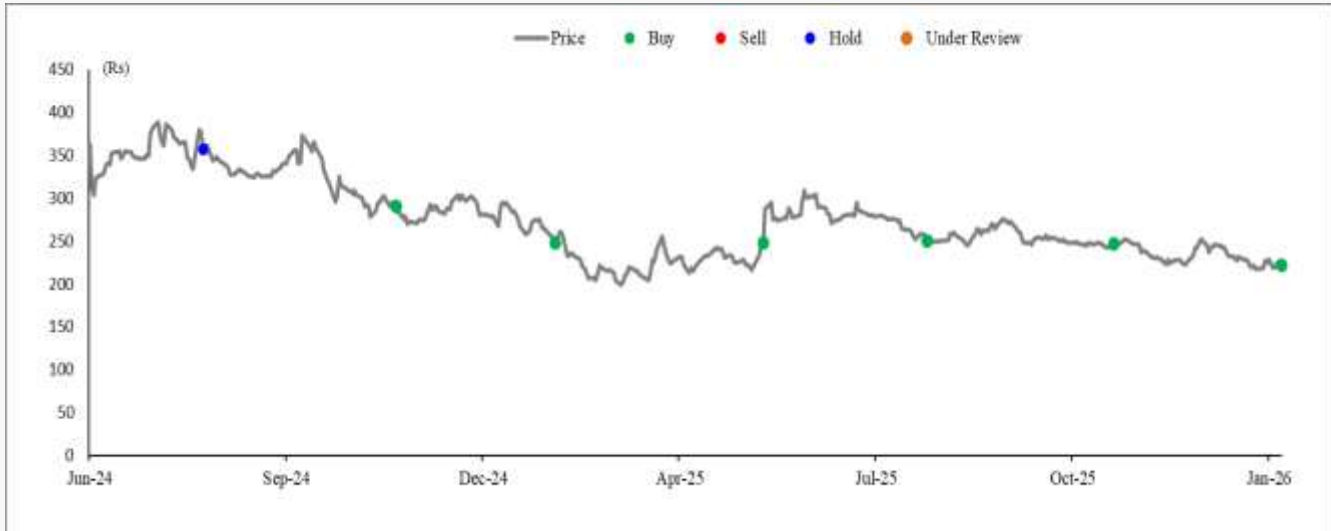
Ratio Analysis

(%)

Y/E March	FY24	FY25	FY26E	FY27E
Sales growth	(6.7)	(9.6)	11.4	33.5
OPM	26.3	23.2	23.7	23.6
Oper. profit growth	(13.5)	(20.0)	13.8	32.8
Employee Expense / Net Sales	20.1	22.7	23.6	19.0
Overheads/Net sales	53.7	54.1	52.7	57.4
Depreciation / G. block	6.6	5.9	5.9	6.0
Net wkg.cap / Net sales	0.71	0.76	0.66	0.53
Net sales / Gr block (x)	2.7	2.1	2.2	2.7
RoCE	22.5	19.1	21.1	25.9
Debt/equity (x)	0.0	0.0	0.0	0.0
Effective tax rate	26.3	25.6	25.9	26.0
RoE	16.1	13.7	15.2	18.5
Payout ratio (Div/NP)	100.2	94.0	83.3	65.6
EPS (Rs.)	19.0	8.0	9.1	11.5
EPS Growth	(15.9)	(57.7)	12.9	26.9
CEPS (Rs.)	21.5	9.3	10.4	13.0
DPS (Rs.)	19.0	7.5	7.5	7.5

Source: Company, Axis Securities Research

RITES Ltd Price Chart & Recommendation History



Source: Axis Securities Research

Date	Reco	TP	Research
01-Aug-24	HOLD	330	Result Update
08-Nov-24	BUY	325	Result Update
29-Jan-25	BUY	305	Result Update
16-May-25	BUY	285	Result Update
08-Aug-25	BUY	280	Result Update
12-Nov-25	BUY	280	Result Update
06-Feb-26	BUY	275	Result Update

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Compliance Officer Details: Name – Mr Rajiv Kejriwal, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parc, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

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