



29th December, 2023



India's Best Performing and Most Customer Centric PMS

Rail Vikas Nigam Limited (RVNL), incorporated in 2003 by the Government of India, stands as a pivotal player in the railway infrastructure sector, contributing significantly to the nation's transportation network. The company's core mission involves the implementation of diverse rail infrastructure projects assigned by the Ministry of Railways (MoR). RVNL's portfolio encompasses a spectrum of projects, ranging from doubling existing routes to establishing new lines, electrification of rail networks, and metropolitan transport projects, including metro lines and suburban networks in metropolitan cities. The company's extensive experience, coupled with a forward-looking approach, presents a compelling investment opportunity for stakeholders seeking exposure to India's burgeoning infrastructure sector.

Projects and Achievements: RVNL has successfully executed a total of 120 projects, with 72 projects under implementation and 3 projects awaiting sanction. The company has been entrusted with a total of 195 projects, reflecting its prowess in project execution and management.

Securing New Orders: RVNL has secured contracts and orders from various entities, both domestic and international, for railway corridor construction, infrastructure projects, metro rail station design and construction, and multi-modal logistics park construction.

Financial Highlights and Disinvestment: The company's financials reflect resilience and growth, with disinvestment of 9.64% equity shares through an Offer For Sale, realizing Rs. 552 Crores. RVNL has wisely invested approximately ₹1872 Crores as of FY21, primarily in joint ventures.

Contingent Liabilities: While RVNL has contingent liabilities of Rs. 3000 Crores due to adjudication in arbitration and other pending court cases, the company's strategic approach positions it well to manage potential liabilities effectively.

Comprehensive business offerings: The company plays a pivotal role in advancing railway infrastructure development across various dimensions. Its contributions encompass expanding the rail network by introducing new railway lines to bolster bi-modal transportation connectivity. Additionally, it serves a vital function in alleviating traffic congestion for the Indian Railways by duplicating existing routes and transforming meter gauge lines into broad gauge railway lines. RVNL extends its specialized knowledge to the creation of workshops, incorporating manufacturing facilities for both the repair and production of rolling stock. The company boasts a diverse portfolio that includes the construction of traffic facilities, railway safety enhancements, electrification projects, training initiatives, comprehensive surveys, and bridge construction. These activities collectively exemplify its multifaceted role in shaping the future of railway infrastructure in India, facilitating smoother transportation, enhanced safety, and improved efficiency for the nation's railway network.

Special Purpose Vehicles (SPVs) and Subsidiary: RVNL operates four operational SPVs – Kutch Railway Company Ltd, Krishnapatnam Railway Company Ltd, Baruch Dahej Railway Company Ltd, and Haridaspur-Paradip Railway Company Ltd. Additionally, there is an SPV under construction (The Angul Sukinda Railway Limited) and one under consideration (Dighi Roha Rail Limited). The company also has a subsidiary, High-Speed Rail Corporation of India Ltd., dedicated to high-speed corridor feasibility studies and implementation.

Stock Data	
CMP (29-12-2023)	181.55
52 Week High/Low	199.25/56.05
Face Value	10
Market Cap (In Crs)	37,854
Enterprise Value (In Crs)	39,331
NSE	RVNL
BSE	542649
Bloomberg	RVNL:IN
Sector	Civil Construction

Shareholding Pattern (in %)		
	SEP 23	JUN 23
Promoter	72.84	78.20
FII	2.32	1.75
DII	5.83	5.75
Public	19.01	14.30

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	8.13	14.54	19.46
RVNL	9.80	47.60	164.84

Key Ratios	
P/E	25.6
P/S	1.78
P/B	4.79
Debt To Equity	0.76
ROE	20.80%
ROCE	17.80%
Dividend Yield	1.17%

Q2 FY 24 Result Update

Q2 FY24 Result Comparison (In Rs Cr)					
	Q2 FY24	Q1 FY24	Q2 FY23	QOQ	YOY
Sales	4914	5572	4909	-11.81%	0.10%
EBITDA	619	639	617	-3.13%	0.32%
EBIT	613	633	612	-3.16%	0.16%
Net Profit	394	343	381	14.87%	3.41%
EPS	1.89	1.65	1.83	14.55%	3.28%

Result Highlights

RVNL's financial outcomes for Q2 FY24 are a blend of declines in some areas and significant gains in others. Sales figures show a contraction of 11.81% quarter-over-quarter (QOQ) from Q1 FY24, which brought the numbers down to 4914 Cr from 5572 Cr. Despite this QOQ downturn, sales experienced a negligible uptick of 0.10% on a year-over-year (YOY) basis, indicating stability over the longer term. EBITDA, which stands for Earnings Before Interest, Taxes, Depreciation, and Amortization, is slightly down by 3.13% QOQ; however, the YOY analysis reflects a small increase of 0.32%. Earnings Before Interest and Taxes (EBIT) follow a similar pattern with a 3.16% QOQ reduction but a marginal 0.16% rise YOY. The most notable positive performance is observed in Net Profit and Earnings Per Share (EPS). Net Profit surged by an impressive 14.87% QOQ, rising from 343 Cr in Q1 FY24 to 394 Cr in Q2 FY24. This growth is also reflected in the YOY comparison, with a solid increase of 3.41%. EPS mirrors this positive trajectory, showing a robust rise of 14.55% QOQ from 1.65% to 1.89%, and a YOY growth of 3.28%. These figures suggest that despite the fall in revenue streams, the company has managed to significantly boost its profitability and shareholder value in the quarter.

Infrastructure Project Expertise: RVNL possesses a wealth of experience and expertise in handling diverse railway infrastructure projects globally, the company has successfully executed over 140 projects for the Ministry of Railways. This robust track record underscores RVNL's proficiency in managing the entire project lifecycle, from conceptualization to commissioning, contributing significantly to the nation's railway infrastructure.

Emphasis on Sustainable Logistics and Government Trust: RVNL's focus on sustainable logistics aligns with the Government of India's Logistic Policy 2022. With the logistics market accounting for 16% of the GDP, RVNL recognizes the importance of reducing costs to 10% for global competitiveness. The company's commitment to a green transport system, with 100% electrification in railways, positions it as a key player in achieving the government's logistics goals.

Diversification Beyond Railways: RVNL's proactive approach to diversification is evident in its exploration of opportunities beyond traditional railway projects. Actively engaging in the Middle East, Africa, and Vietnam for railway expansion projects, the company has established offices in Oman, UAE, and other promising areas with significant railway developments. Additionally, the favorable view towards road projects, despite challenges like land acquisition, showcases RVNL's adaptability and strategic mindset to tap into various segments.

Technological Advancements in Rolling Stock: RVNL's entry into rolling stock manufacturing, particularly with the Vande Bharat Express project, signifies a significant technological advancement. With a detailed timeline for prototype submission, manufacturing, and maintenance agreements, RVNL is poised to contribute to the railway sector's growth. This move positions RVNL to capitalize on the expanding demand for rolling stock.

Global Outreach and Market Visibility: RVNL's efforts to actively explore international markets and establish a presence in Oman, UAE, and other targeted regions showcase a global outlook. The collaboration with TMH Russia in the Vande Bharat Express project has not only strengthened RVNL's market visibility but also attracted interest from various international companies for potential partnerships. This global engagement reflects RVNL's ambition to contribute to railway development beyond national borders and positions it as a key player in the international railway infrastructure arena.

Concall Highlights

Railway Loading and SPVs: RVNL engages comprehensively in the project lifecycle, from conceptualization to commissioning. With a track record of completing over 140 projects for the Ministry of Railways, the company showcases its ability to deliver end-to-end solutions. The establishment of 5 special purpose vehicles (SPVs), including Kutch Rail Company and Krishnapatnam Rail Company, has significantly contributed to the overall revenue of the railway sector. These SPVs demonstrate RVNL's innovative approach to project financing and execution. RVNL has successfully commissioned noteworthy SPVs like Kutch Rail Company, Krishnapatnam Rail Company, Baruch Dahej, Haridaspur, and Angul Sukinda. These SPVs serve as instrumental vehicles for project execution and contribute significantly to the revenue stream. These SPVs have generated revenue of ₹1,06,000 crores for railways, contributing significantly to the loading of over 840 million tons since their commissioning. The successful operation of these SPVs highlights their vital role in the overall logistics and transportation network.

Financial Performance: In a historic achievement, RVNL's turnover crossed ₹10,000 crores in the first 6 months, marking an 8% increase. This milestone signifies the company's robust financial performance and its ability to handle large-scale projects efficiently. The bottom line exhibited robust growth, with profit after tax increasing by 21%. This financial resilience indicates effective cost management and strategic financial planning.

Bid Pipeline and Orders: RVNL currently holds an order book of approximately ₹70,000 crores, with a successful bid rate ranging between 35-40%. This substantial order book underscores the company's strong market presence and its ability to secure projects competitively. The company is actively participating in tenders, particularly for the Dedicated Freight Corridor (DFCC) of the Eastern sector. This strategic focus on high-impact projects aligns with RVNL's growth strategy and commitment to national infrastructure development.

Future Projects and Segments: RVNL is strategically concentrating on proven segments such as railway infrastructure, metro projects, electrical distribution, and transmission systems. This diversified approach ensures sustainable growth and resilience across various market conditions. Recent involvement in DFCC tenders reflects RVNL's ongoing evaluation for various projects, showcasing a commitment to diversified growth. The strategic evaluation of tenders aligns with the company's vision for sustainable and impactful project execution.

Margin Analysis and Future Outlook: There has been a notable increase in the gross margin upon turnover, rising from 5.77% to 5.86%. This improvement in gross margin signifies effective cost control measures and operational efficiency. RVNL anticipates maintaining double-digit margins through a calculated approach to bidding and comprehensive risk analysis. This strategic outlook reflects the company's commitment to financial sustainability and profitability.

Road Segment and NHAI: RVNL views road projects favorably and participates in NHAI projects under EPC and HAM models, overcoming challenges like land acquisition and encroachments. This diversification into road projects showcases the company's adaptability and willingness to explore new avenues.

Strategic Approach: RVNL remains optimistic about future prospects, emphasizing a strategic approach to bidding and diversification across sectors. The commitment to a strategic approach underscores the company's focus on long-term growth and sustainability.

Growth Anticipation: The company anticipates a robust order book and continued growth in both railway and non-railway projects. This positive outlook reflects RVNL's confidence in its capabilities and the overall potential of the infrastructure development sector.

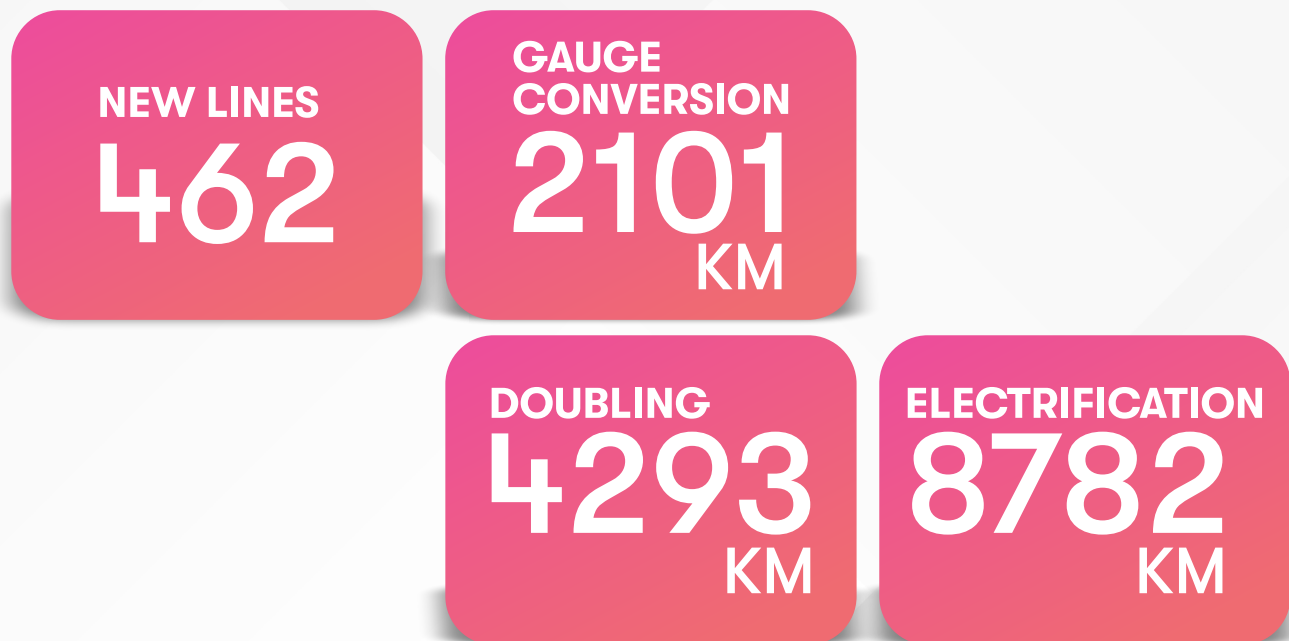
Freight Corridor Expansion:

Railway Investment: Recent reports suggest a significant allocation of 4,00,000 crores for expanding the freight corridor, aligning with RVNL's focus on railway infrastructure. This investment highlights the government's commitment to enhancing transportation networks, creating new opportunities for RVNL.

Logistics Market and Government Initiatives: Logistics Market Opportunity: The logistics market, comprising 16% of GDP, presents a substantial opportunity for railways, aligning with RVNL's commitment to electrification and cost reduction initiatives. The alignment with market opportunities underscores RVNL's strategic positioning in the logistics sector.

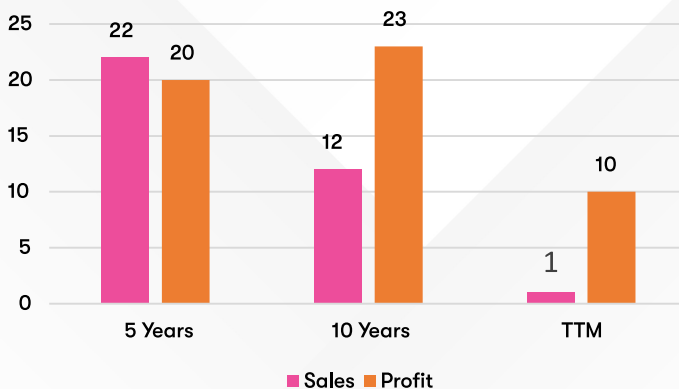
Government Support: The government's logistic policy further strengthens RVNL's position by aligning with its initiatives, providing substantial opportunities for the company. This policy support reinforces RVNL's role as a key player in shaping the future of logistics infrastructure in India

Project Developments

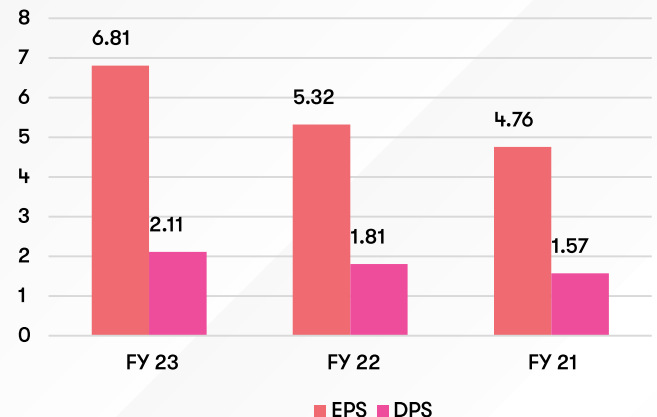


Story Through Charts

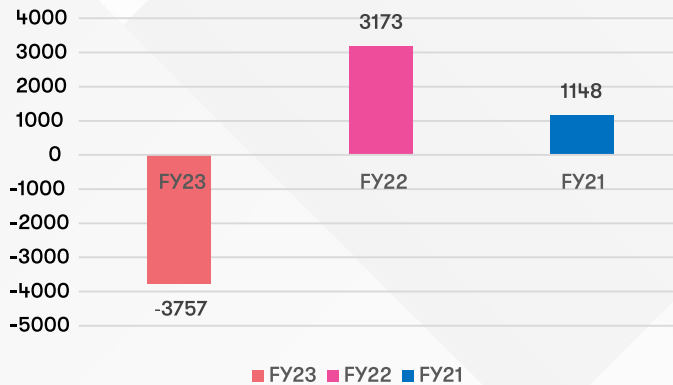
Compounded Growth (In %)



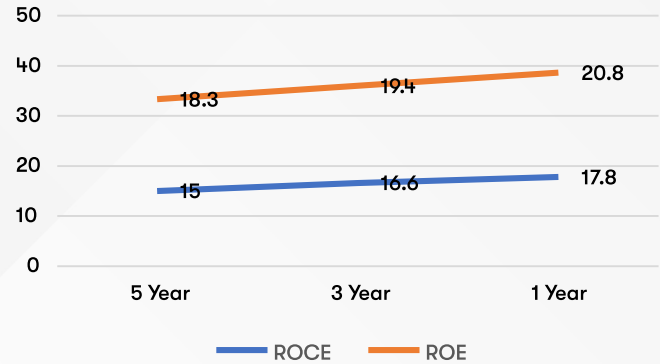
Earnings & Dividends



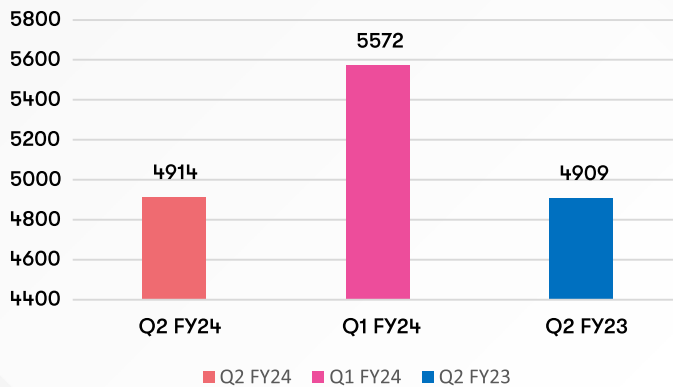
Cash Flows



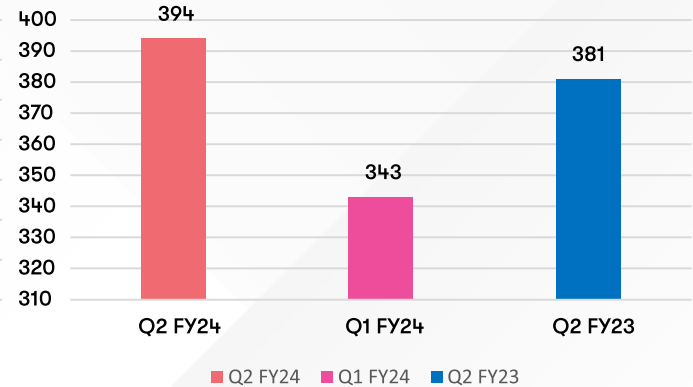
Return Margins(in %)



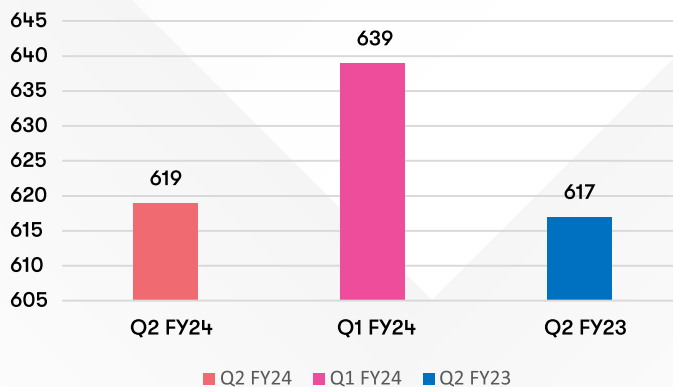
Revenue (In Cr)



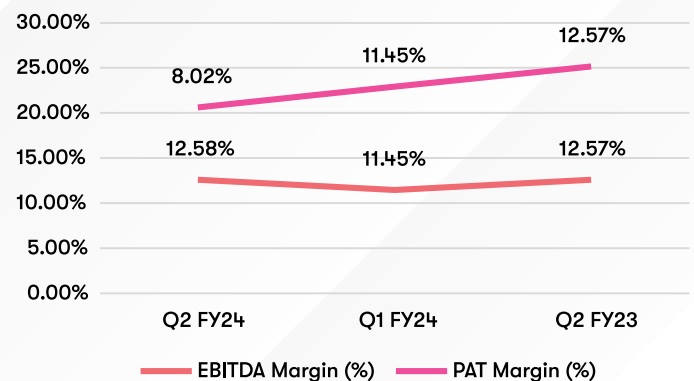
PAT (In Cr)



EBITDA (In Cr)



EBITDA & PAT Margin



Technical Outlook



RVNL's stock price chart displays a bullish trend, with a breakout above the consolidation phase indicating strong buyer momentum. The stock's ability to hold gains after the breakout suggests a positive outlook, reinforced by the upward trend lines that mark its steady ascent.

The stock's moving averages demonstrate a strong upward trend, with both short-term and long-term averages on the rise, indicating sustained positive performance. Additionally, RSI readings for RVNL in daily and weekly timeframes are above 60, indicating robust buying pressure.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	178.46	179.02
10	179.14	178.23
20	176.30	175.77
50	166.70	168.92
100	158.44	157.68
200	132.62	135.87

Pivot Levels : FIBONACCI		
R1 185.32	Pivot 176.80	S1 168.28
R2 190.58		S2 163.02
R3 199.10		S3 154.50

Relative Strength Index (RSI)	Daily	Weekly
	61.11	69.24

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