



India's Best Performing and Most Customer Centric PMS

Rail Vikas Nigam Limited (RVNL) was established by the Government of India in 2003 to address the infrastructure deficit on Indian Railways. Since its inception, RVNL has played a pivotal role in executing various rail infrastructure projects directed by the Ministry of Railways. These projects include doubling existing rail lines, constructing new lines, electrifying railways, building major bridges, and participating in revenue-sharing agreements with the Railways. Operating as an extended arm of the Ministry of Railways, RVNL has consistently received an 'Excellent' rating from the Department of Public Enterprises for nine consecutive years since it commenced operations in 2005. Empowered to act as an Umbrella Special Purpose Vehicle (SPV), RVNL undertakes project development and resource mobilization directly or through project-specific SPVs or other financing structures. The impetus for RVNL's establishment came from the National Rail Vikas Yojana (NRVY) announced by former Prime Minister Atal Bihari Vajpayee in 2002. Formally launched later that year, RVNL was incorporated with the dual objectives of raising extra-budgetary resources and implementing rail infrastructure projects swiftly. With a presence in 24 locations and 30 operational Project Implementation Units (PIUs), RVNL has expanded its portfolio beyond railways to encompass projects related to metros, tunnels, and monumental bridges, both domestically and internationally. This diversification highlights RVNL's transition from local to global railway infrastructure development. RVNL has adopted an asset-light model and innovative execution strategies, resulting in a robust financial track record and a substantial order book with numerous projects under execution. The company emphasizes its expertise in undertaking all stages of project development and execution, translating concepts into reality. Looking forward, RVNL remains committed to undertaking key projects such as electrification, enhancing multi-modal connectivity, and expanding the rail network to previously unconnected regions. Additionally, it aims to accelerate its transition from local to global rail infrastructure development, ensuring sustained growth and impact in the years ahead.

Business Offerings: RVNL offers a comprehensive range of services aimed at bolstering India's rail infrastructure. This includes laying new railway lines to enhance connectivity, doubling existing routes to alleviate congestion, and converting meter gauge lines to broad gauge for improved efficiency. Additionally, the company specializes in railway electrification, metropolitan transport projects, establishment of workshops, and various other infrastructure works such as traffic facilities and bridge construction.

Revenue Split and Order Book: In FY21, RVNL's revenue primarily stemmed from projects with the Ministry of Railways, accounting for 86% of the total revenue. Metropolitan projects constituted 7%, while revenue from SPVs and other sources made up the remaining 5% and 2%, respectively. As of Q3FY22, the company boasted an impressive order book of approximately Rs. 52,000 Cr, with a significant portion secured through market bidding. The order book reflects RVNL's strong market presence and continued growth trajectory.

Project Portfolio: RVNL has a substantial project portfolio, with a total of 195 projects assigned to date. Of these, 120 projects have been successfully completed, demonstrating the company's efficiency and capability in project execution. Currently, 72 projects are under various stages of implementation, showcasing RVNL's ongoing commitment to infrastructure development across the country.

Securing New Orders and Special Purpose Vehicles: RVNL has successfully secured contracts and orders from diverse stakeholders, including Tata Steel, NHAI, and various metro rail corporations. Notably, the company has also garnered international orders, exemplified by projects in Kyrgyzstan. Additionally, RVNL has established and operates several Special Purpose Vehicles (SPVs), which play a crucial role in project development and execution, further enhancing the company's capabilities and reach.

Stock Data	
CMP (13-02-2024)	245.70
52 Week High/Low	345.50 / 56.05
Face Value	10
Market Cap (In Crs)	51,187
Enterprise Value (In Crs)	52,685
NSE	RVNL
BSE	542649
Bloomberg	RVNL:IN
Sector	Rail

Shareholding Pattern (in %)		
	DEC 23	SEP 23
Promoter	72.84	72.84
FII	2.59	2.32
DII	6.08	5.83
Public	18.50	19.01

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-0.69	11.92	21.77
RVNL	20.76	94.65	242.81

Key Ratios	
P/E	35.2
P/S	2.45
P/B	6.40
Debt To Equity	0.76
ROE	20.8 %
ROCE	17.8 %
Dividend Yield	0.80 %

Q3 FY 24 Result Update

Q3 FY24 Result Comparison (In Rs Cr)					
	Q3 FY24	Q2 FY24	Q3 FY23	QOQ	YOY
Sales	4689	4914	5012	-4.58 %	- 6.44 %
EBITDA	607	619	601	- 1.94 %	1.00 %
EBIT	468	486	454	- 3.70 %	3.08 %
Net Profit	359	394	382	- 8.88 %	-6.02 %
EPS	1.72	1.89	1.83	- 8.99 %	- 6.01 %

Result Highlights

RVNL Ltd. has presented its financial outcomes for Q3 FY24, disclosing a mixed performance compared to the previous quarter (Q2 FY24) and the same quarter in the last fiscal year (Q3 FY23). Sales have seen a decline of 4.58% on a quarter-on-quarter (QoQ) basis, dropping from 4914 crore in Q2 FY24 to 4689 crore in Q3 FY24. This also represents a more considerable decrease of 6.44% compared to Q3 FY23, where sales stood at 5012 crore. The company's EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) followed a similar trend, falling marginally by 1.94% QoQ from 619 crore to 607 crore. However, it showcased a modest year-over-year (YoY) improvement of 1.00%, up from 601 crore in Q3 FY23.

EBIT (Earnings Before Interest and Taxes) for Q3 FY24 was reported at 468 crore, which is a 3.70% decrease from the previous quarter but marks a positive turnaround with a 3.08% YoY growth from 454 crore in Q3 FY23. Net Profit for Q3 FY24 stood at 359 crore, experiencing a significant QoQ drop of 8.88% from 394 crore in Q2 FY24 and a decrease of 6.02% compared to 382 crore in Q3 FY23.

The Earnings per Share (EPS) mirrored the downward trend, with a decrease of 8.99% QoQ from 1.89 to 1.72. On a YoY basis, the EPS fell by 6.01% from 1.83. In conclusion, RVNL Ltd.'s financial performance in Q3 FY24 indicates a downward trajectory when compared to the immediate past quarter and the same quarter of the previous year. Despite the dip in most metrics, the company managed to register a slight YoY increase in EBITDA and EBIT, which might be indicative of underlying operational efficiencies that could be harnessed for future growth. This mixed performance could be attributed to various market dynamics and internal strategic decisions, which would require further analysis for a comprehensive understanding.

Financial Performance Analysis: RVNL's Q3FY24 performance exhibited a slight downturn, marked by a 6% YoY decline in both revenue and Net Profit. Despite challenges, the company's order book remained robust, standing at Rs650 billion by the end of 9MFY24, a notable 3x of its trailing twelve-month revenue. However, the order inflow saw a slight dip in Q3FY24 to Rs17 billion compared to Rs66 billion in 1HFY24. Notably, RVNL's order wins showcased diversification across sectors, with significant contributions from railway (20%), Metro (26%), Irrigation (14%), Power (30%), and the remaining 10% from the road sector.

Margin Trajectory and Growth Strategy: RVNL, originally an EPC company in the railway sector, is strategically shifting towards other sectors for growth. This transition underscores the importance of monitoring its margin trajectory going forward. The company's recent MoU with REC for infra financing up to Rs350 billion signifies its expansion into multi-modal logistics hubs, rail infrastructure, roads, ports, and metro projects. With an annual target of Rs250 billion for order inflow and an aim to achieve a Rs750 billion order book annually, RVNL's growth strategy appears ambitious yet promising.

Concall Highlights

Global Market Penetration: RVNL continues to expand its footprint both domestically and internationally. With a substantial order book of approximately Rs650 billion, evenly split between railway projects and market-acquired ventures, the company is poised for significant growth. Notable orders include the Vande Bharat project valued at Rs90 billion and metro projects totaling Rs70 billion, with Chennai metro accounting for a substantial portion. Additionally, RVNL's collaboration with Jackson JV in Uzbekistan and Saudi Arabia reflects its efforts to penetrate global markets and diversify its revenue streams.

Segment-wise Breakdown: RVNL's diversified portfolio spans various sectors, including railways, metros, and international ventures. The company aims for a revenue target of Rs200-220 billion and a PAT of Rs13 billion+ in FY24E. Key projects like Vande Bharat and Chennai metro underscore its commitment to railway modernization and urban infrastructure development. Moreover, initiatives in Kyrgyzstan and partnerships with REC highlight its focus on expanding into new segments and geographies.

Financial Metrics and Ratios: RVNL's financial outlook remains optimistic, supported by its robust order book and revenue targets. The company targets an order book of Rs650 billion and aims for new orders worth Rs250 billion annually. Furthermore, strategic partnerships with REC for project financing and equity infusion bolster its financial capabilities and enhance shareholder value. Despite uncertainties, RVNL maintains a proactive approach to financial management and sustains profitability amidst evolving market dynamics.

Key Decisions and Events: Recent strategic decisions and milestones highlight RVNL's proactive approach to growth and innovation. Signing the MCMA agreement for the Vande Bharat project signifies progress in railway modernization efforts, with manufacturing operations set to commence at Latur. Moreover, the MoU with REC for project financing and equity infusion reflects the company's commitment to expanding its infrastructure projects and enhancing financial stability. Additionally, ventures in Uzbekistan and Saudi Arabia with Jackson JV demonstrate RVNL's ambition to explore new markets and capitalize on international opportunities.

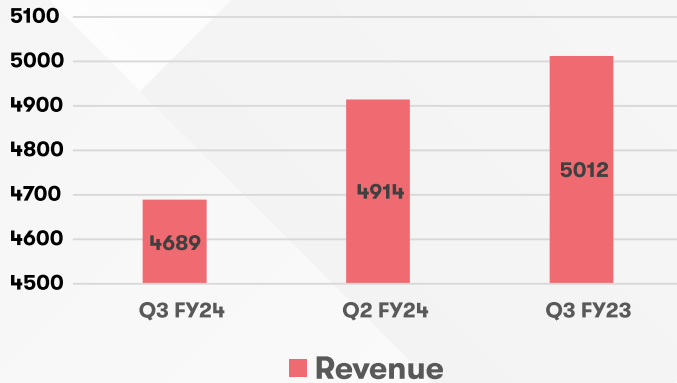
Risk Management Strategies: RVNL prioritizes risk management amidst its ambitious expansion plans and project executions. By engaging financial institutions for project financing and government collaborations for international ventures, the company mitigates financial risks and ensures project viability. Moreover, diversified revenue streams and segment-wise allocations enhance resilience against market fluctuations and project uncertainties. Continuous monitoring and proactive decision-making further fortify RVNL's risk management framework, safeguarding shareholder interests and sustaining long-term growth.

Talent Development and Retention: RVNL recognizes the importance of talent development and retention in achieving its strategic objectives. With projects spanning various sectors and geographies, the company invests in nurturing a skilled workforce capable of driving innovation and operational excellence. Employee training programs, career development initiatives, and performance incentives foster a conducive work environment, empowering employees to contribute effectively to RVNL's success story.

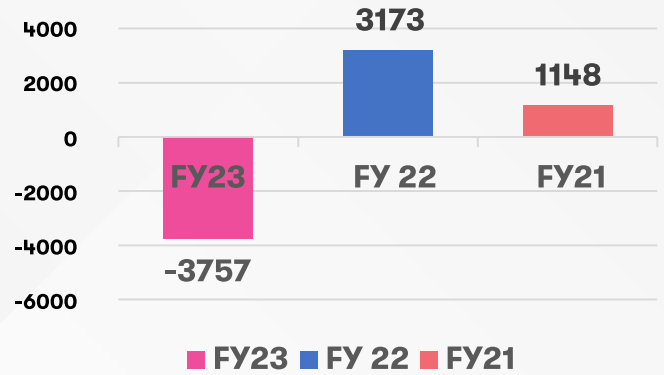
Innovation and R&D Investments: RVNL's commitment to innovation and research & development (R&D) is evident in its pursuit of cutting-edge solutions for railway modernization and infrastructure development. Pre-feasibility studies for high-speed corridors and international collaborations underscore the company's focus on technological advancement and industry leadership. By leveraging innovation and R&D investments, RVNL aims to deliver sustainable infrastructure solutions, enhance operational efficiency, and maintain its competitive edge in the market.

Operational Efficiency and Cost Management: Efficient operations and cost management are integral to RVNL's sustained growth and profitability. The company adopts a holistic approach to operational excellence, emphasizing streamlined processes, resource optimization, and stringent cost controls. Through strategic partnerships, innovative project execution methodologies, and technology adoption, RVNL maximizes project efficiency and minimizes operational overheads. Such measures ensure timely project delivery, enhance customer satisfaction, and drive long-term value creation for stakeholders.

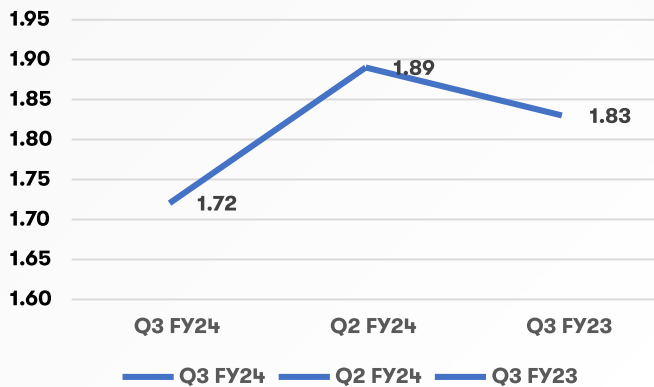
Revenue (In Cr)



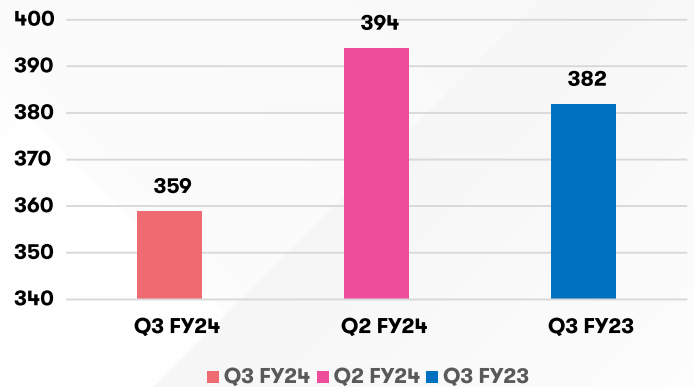
Cashflow (In Cr)



EPS



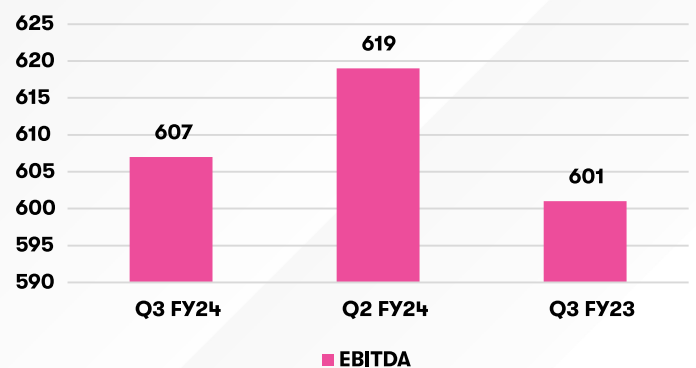
PAT (In Cr)



Compounded Growth (In %)



EBITDA (In Cr)



Technical Outlook



The price action is shown within an ascending channel on the daily timeframe, indicating a general uptrend over the period displayed. The stock recently broke below this channel, suggesting a potential shift in trend or a correction. Volume bars increase on down days, which could signal selling pressure. The simple moving averages (SMAs) and exponential moving averages (EMAs) across various days show a downward trend in the shorter term (5 and 10 days) but remain in an uptrend for the longer periods (50, 100, and 200 days).

The 5-day SMA is at 267.3, and the EMA is at 260.8, indicating recent price declines. The 200-day SMA at 159.1 and EMA at 165.7 signify the long-term uptrend. The Relative Strength Index (RSI) on the daily chart is 46.59, which is neutral, but leaning towards the oversold territory, suggesting there may be less bullish momentum in the daily price action. The weekly RSI is at 62.18, indicating bullish momentum on a longer timeframe, although it's not in the overbought territory. The divergence between the daily and weekly RSI may suggest a short-term pullback within a longer-term bullish trend.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	267.3	260.8
10	281.4	270.9
20	277.1	264.8
50	219.1	232.1
100	191.0	201.1
200	159.1	165.7

Pivot Levels : FIBONACCI			Daily	Weekly
R1 250.15	Pivot 238.15	S1 217.60	Relative Strength Index (RSI) 46.59	62.18
R2 270.70		S2 205.60		
R3 282.70		S3 185.05		

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**This research has been done by the
Core Fundamental Research Team of InvAsset PMS Desk.**

Anirudh Garg

anirudhgarg@invasset.com

Harshal Dasani

harshaldasani@invasset.com

Bhavik Joshi

bhavikjoshi@invasset.com



India's Best Performing and Most Customer Centric PMS



MUMBAI

911 One Lodha Place,
Lower Parel, Mumbai 400013

GURUGRAM

4th Floor Two Horizon Centre,
DLF Phase 5, Gurugram,
Haryana 122002

LUDHIANA

1401, Aspen 2, Centara Greens,
Pakhawal Road, Opp. Riviera Resort,
Ludhiana 141001



1800-309-2172
98158-10172



info@invasset.com



www.invasset.com
