



रेल विकास निगम लिमिटेड
 (भारत सरकार का उपक्रम)
Rail Vikas Nigam Limited
 (A Government of India Enterprises)

Rail Vikas Nigam Limited IPO Note

About the Company:

Rail Vikas Nigam Limited (RVNL) a Delhi based “Mini Ratna” public sector undertaking is an organisation associated with Indian Railways whose task is to build engineering works required by Indian Railways. Incorporated in 2003, Rail Vikas Nigam Limited is a project executing agency arm under Ministry of Railways. To implement National Rail Vikas Yojana (NRVY), RVNL was incorporated as a 100% owned PSU of Ministry of Railways on 24/01/2003 with the twin objectives of raising extra-budgetary resources and implementation of projects relating to creation and augmentation of capacity of rail infrastructure on a fast track basis. RVNL became fully functional by March 2005.

Company Promoters:

The Promoter of the company is the President of India, acting through the Ministry of Railways, Government of India.

Rail Vikas Nigam Limited IPO Details:

Open Date:	Mar 29 2019
Close Date:	Apr 03 2019
Total Shares:	253457280
Face Value:	₹ 10 Per Equity Share
Issue Size:	480 Cr.
Lot Size:	780 Shares
Issue Price:	₹ 17-19 Per Equity Share
Retail Discount:	Rs 0.50 per share
Listing At:	NSE,BSE
Listing Date:	Apr 11 2019 (Tentative)

Functions of RVNL:

RVNL functions as an extended arm of the Ministry of Railways working for & on behalf of MoR. It is empowered to act as an umbrella Special Purpose Vehicle (SPV) to undertake project development, resource mobilization etc., directly or by creating project specific SPVs or by any other financing structure found suitable. RVNL’s mandate includes mobilization of extra-budgetary resources through a mix of equity, and debt from banks, financial institutions, multilateral agencies like Asian Development Bank and bilateral agencies for project execution through a Public-private Partnership (PPP) model by the formation of project specific SPVs for Port and Hinterland connectivity. RVNL can enter into and carry on business relating to creation and augmentation of capacity of rail infrastructure on the fast track. RVNL is involved in a variety of rail projects such as the construction of cable-stayed bridges, major bridges, workshops, metro projects, railway electrification, gauge conversion, new lines, doubling, and institutional buildings.

RVNL Project Summary:

Ministry of Railways (MoR) has assigned 172 projects to the RVNL till Feb 2019 and out of which 166 projects are executed. As of Dec 2018, an order book size was ₹77,504.28 Cr. The company also charge an annual consolidated management fee from MoR including execution of 10% for national projects, 9.25% for the metro projects, and 8.50% for other plan heads.

RVNL Financials:

Financials (Consolidated)	March 2015	March 2016	March 2017	March 2018
Total Revenue (Rs in million)	32697.82	47202.93	61628.77	78222.92
Profit After Tax (Rs in million)	3368.49	4294.34	4434.87	5699.21
Profit Margin (%)	10.3	9.1	7.3	6.8

Key strengths of RVNL:

Capabilities to undertake diverse categories of projects.
Established financial track record.
Expertise in undertaking all stages of project development and execution right from conceptualization to commissioning.
Experienced Board and Key Managerial Personnel and skilfully trained workforce.
Securing of rail infrastructure projects from other PSUs.

Risk factors to be considered by investors:

Dependence on the MoR for their projects.
Delay in financing for key projects.
Delay in project completion.
Order inflow in future.
Opportunity loss in PPP model.

Reasons to invest in RVNL IPO:

Leading PSU consultancy 'Mini Ratna' company working on Ministry of Railways Projects.
The company has shown good revenue growth in the last 4 years.
The company is earning consistent profits in the last 4 years.
Retail investors entitled to get Rs 0.50 discount per share.

Investment rationale:

Rail Vikas Nigam Limited (RVNL) being a project executing agency arm under Ministry of Railways have shown decent revenue growth track record. With urbanisation and enhanced rail commuting needs RVNL looks promising growth story in longer run. One can subscribe and invest in RVNL IPO with long term investment time horizon.

Information sources:

Information gathered in this document are from company's draft red herring prospectus filed by the company with SEBI and from other freely available web sources.

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