

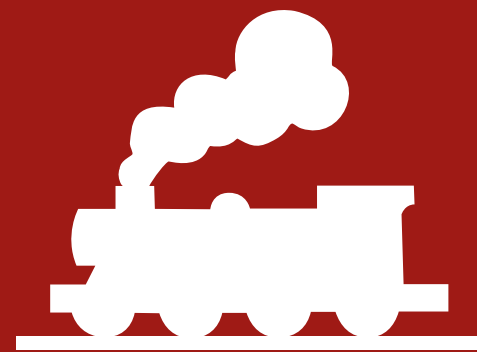


RAIL VIKASH NIGAM LTD

Embarking on a new journey with quality speed and transparency

EQUITY REPORT

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Industry Overview

About the Company

Rail Vikas Nigam Ltd was Incorporated in 2003 by the Govt. of India, it is engaged in the business of implementing various types of Rail infrastructure projects assigned by MoR including doubling, gauge conversion, new lines, railway electrification, major bridges, workshops, Production Units and sharing of freight revenue with Railways as per the concession agreement entered into with Ministry of Railway.



Some major Projects in progress

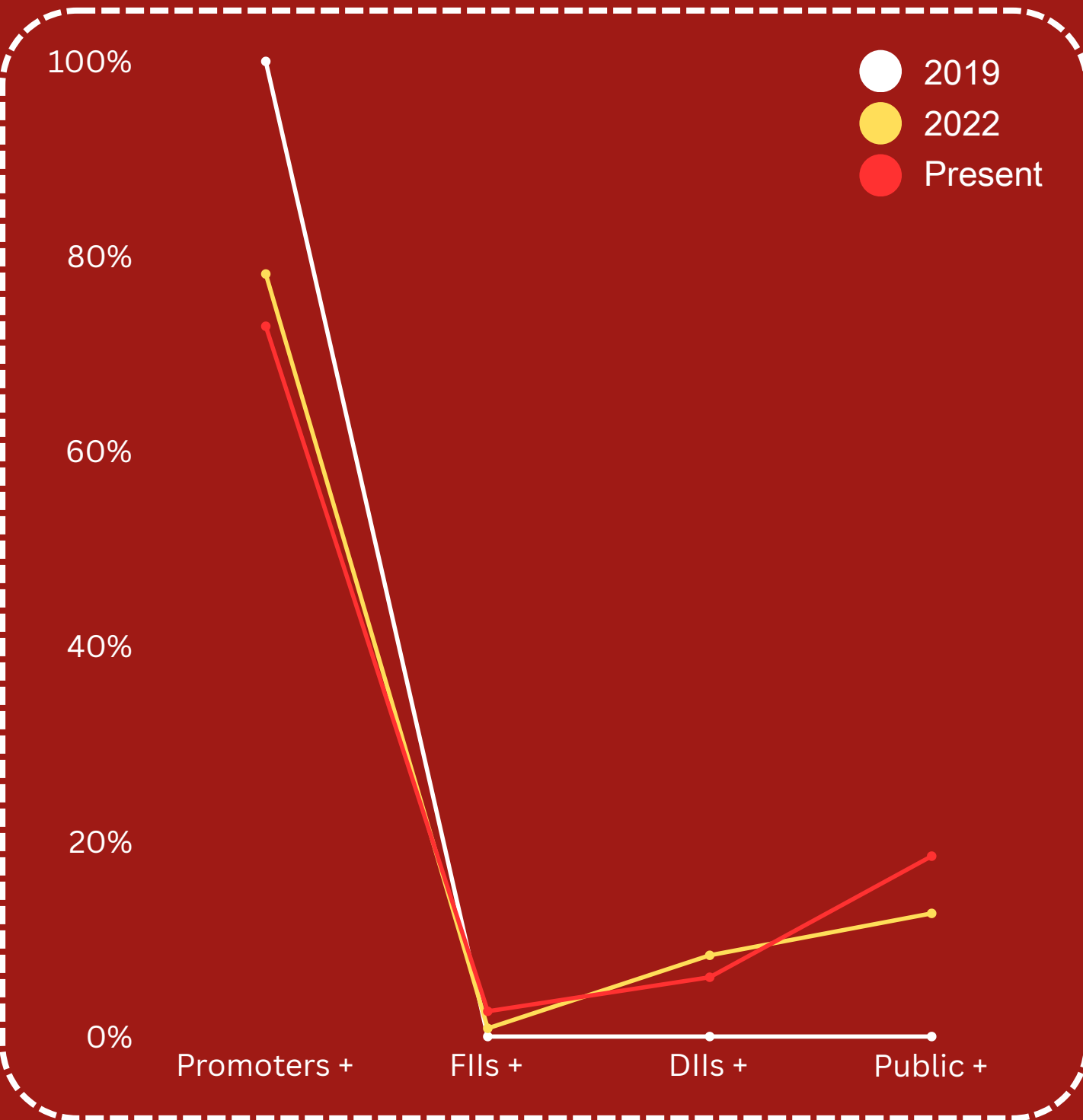
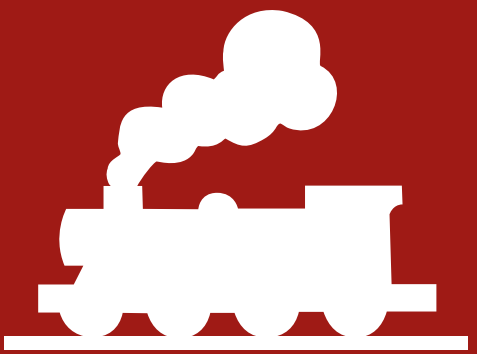
1. MANAMADURAI-RAMESWARAM-REPL OF FULL SCHERZER LIFT SPAN
2. RISHIKESH-KARNAPRAYAG NEW LINE
3. Kasganj-Bareilly-Bhojipura-Daliganj RE (401 km)

Business Offerings

- **New lines:** This includes augmenting the rail network by laying new railway lines to achieve a seamless bi-modal transportation network.
- **Doubling:** It involves the provision of additional lines by way of doubling the existing routes to enable the Indian Railways to ease out traffic constraints.
- **Gauge conversion:** This includes the conversion of meter gauge lines to broad gauge railway lines.
- **Railway electrification:** The Company is engaged in the electrification of current un-electrified rail network and electrification on the new rail network.
- **Metropolitan transport projects:** Company takes up projects to set up metro lines and suburban networks in metropolitan cities.
- **Workshops:** This includes manufacturing facilities and workshops for repairing and manufacturing rolling stock.
- **Others:** This includes the construction of traffic facilities, railway safety works, other electrification works, training works, surveys, construction of bridges including rail over bridges, etc.

RVNL currently holds the second position in the construction industry based on Market Cap.

Investment Rationale



DisInvestment

Disinvestment of 9.64% equity shares was done by the President of India acting through the Ministry of Railways through an Offer For Sale realizing an amount of Rs.552 cr. Also the Promoter has been decreasing its shareholding's , this can be seen as a sign to increase the liquidity in the market.

FII & DII

The notable increase in Foreign Institutional Investor (FII) and Domestic Institutional Investor (DII) holdings signals a growing interest in the company and suggests optimism about its future performance. This trend serves as a potential indicator, especially given the rising stake of FIIs, indicating heightened confidence from both international and domestic institutional investors in the company's prospects.

The Promoter is The President of India

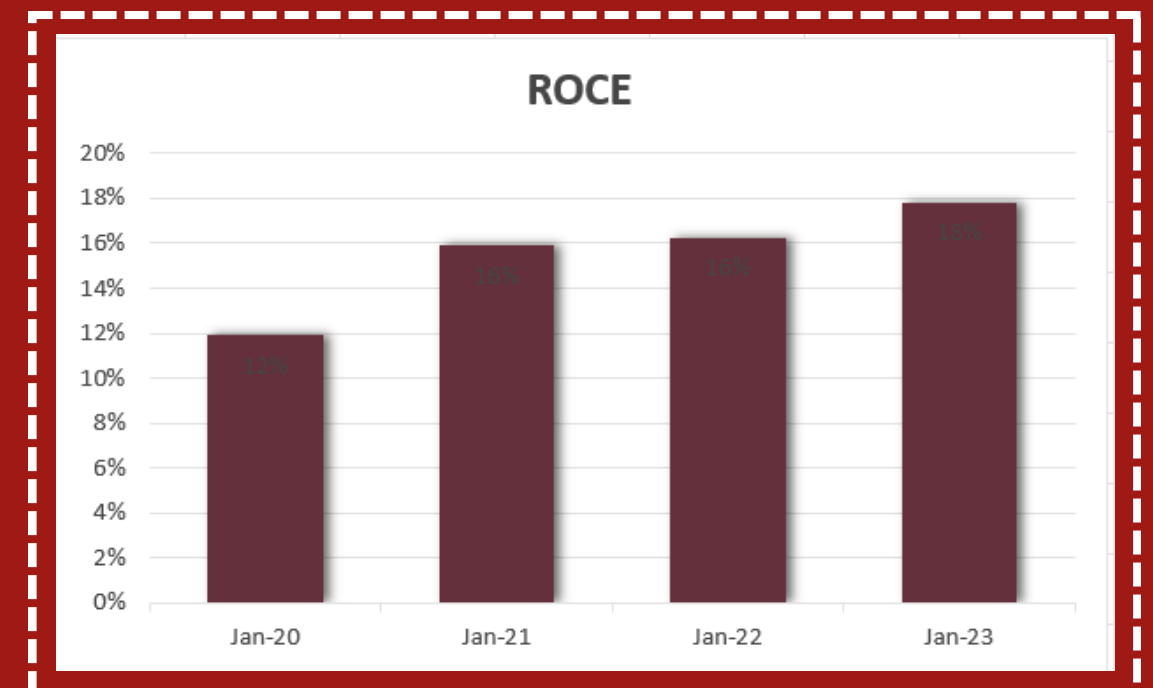
Projects

RVNL has been assigned a total of 195 projects so far. The Co. has completed 120 projects with 72 projects under implementation and 3 projects yet to be sanctioned.

Increase in ROCE by 12.5% to 17.8 from last year

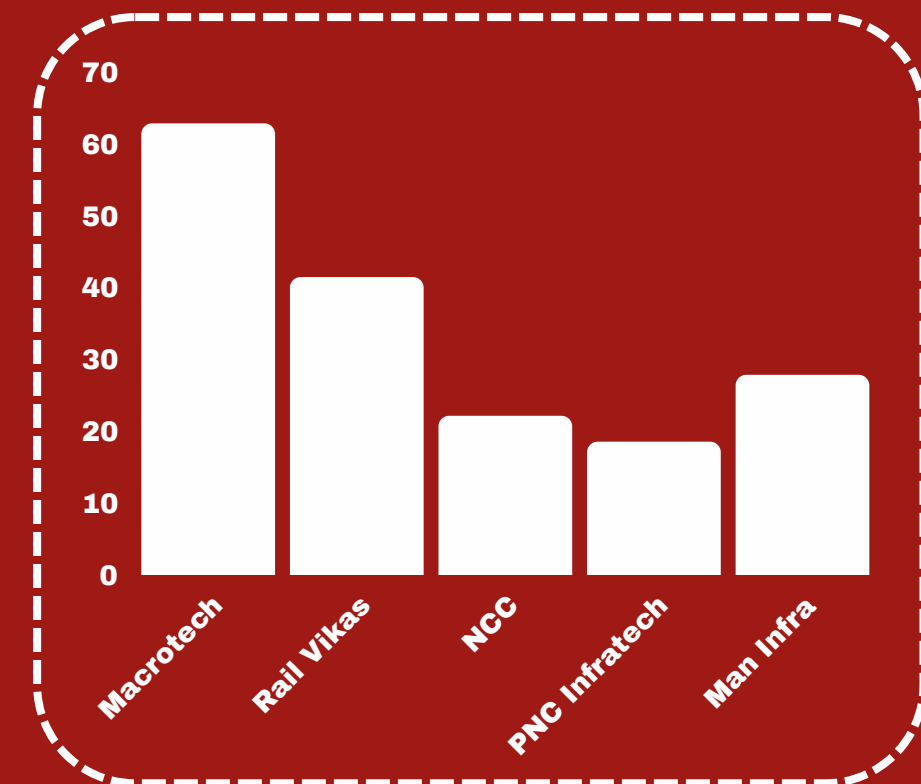
Securing New orders

The Co. has received various contracts and orders from several parties for the construction of railway corridors, implementation of infra projects, design and construction of metro rail stations, construction of multi-modal logistics parks, etc. Some of the Major orders are from Tata Steel, NHAI, GMRCL, Madhya Pradesh Metro rail corp, among others including orders from foreign countries like Kyrgyzstan.



$$\text{P/E} = \frac{\text{SHARE PRICE}}{\text{EARNING PER SHARE}}$$

Price to Earning Ratio



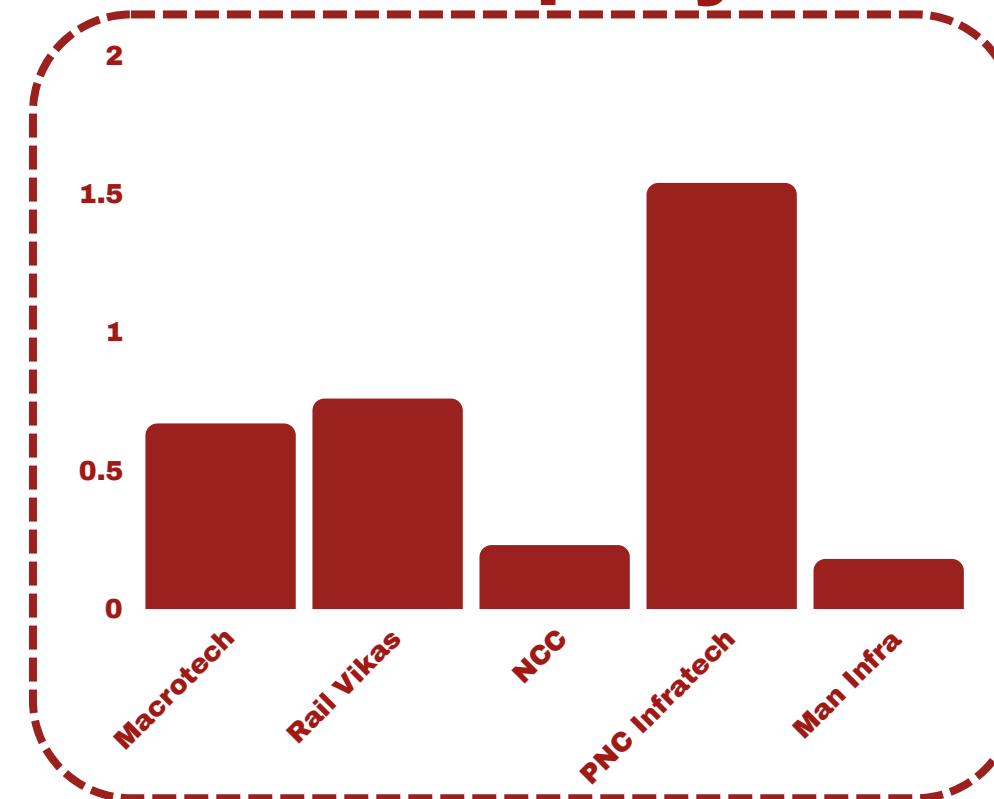
**INDUSTRY P/E
AVERAGE = 34.8**

An elevated P/E ratio may indicate that the stock of a company is either overpriced or that investors anticipate robust future growth rates.

A high P/E ratio could mean that a company's stock is overvalued, or that investors are expecting high growth rates in the future. A P/E ratio holds the most value to an analyst when compared against similar companies in the same industry or for a single company across a period of time.

$$\text{D/E} = \frac{\text{Total Liabilities}}{\text{Total Equity}}$$

Debt to Equity Ratio



**INDUSTRY D/E
AVERAGE = 0.724**

Debt-to-Equity (D/E) ratio of 0.76 is slightly higher than the sector average of 0.724, suggesting a relatively higher reliance on debt compared to peers.

Among similar companies, a higher D/E ratio suggests more risk, while a particularly low one may indicate that a business is not taking advantage of debt financing to expand. Investors will often modify the D/E ratio to consider only long-term debt because it carries more risk than short-term obligations.

Key Informations



Sales Growth has declined

ROCE considers both debt and equity financing, while ROE is focused solely on equity. ROCE is a better measure of a company's overall efficiency in generating profits from all available capital, including debt and equity, while ROE is a better measure of a company's profitability from shareholders' equity.

Market capita
Rs 61,393Cr

P/B Ratio
7.76

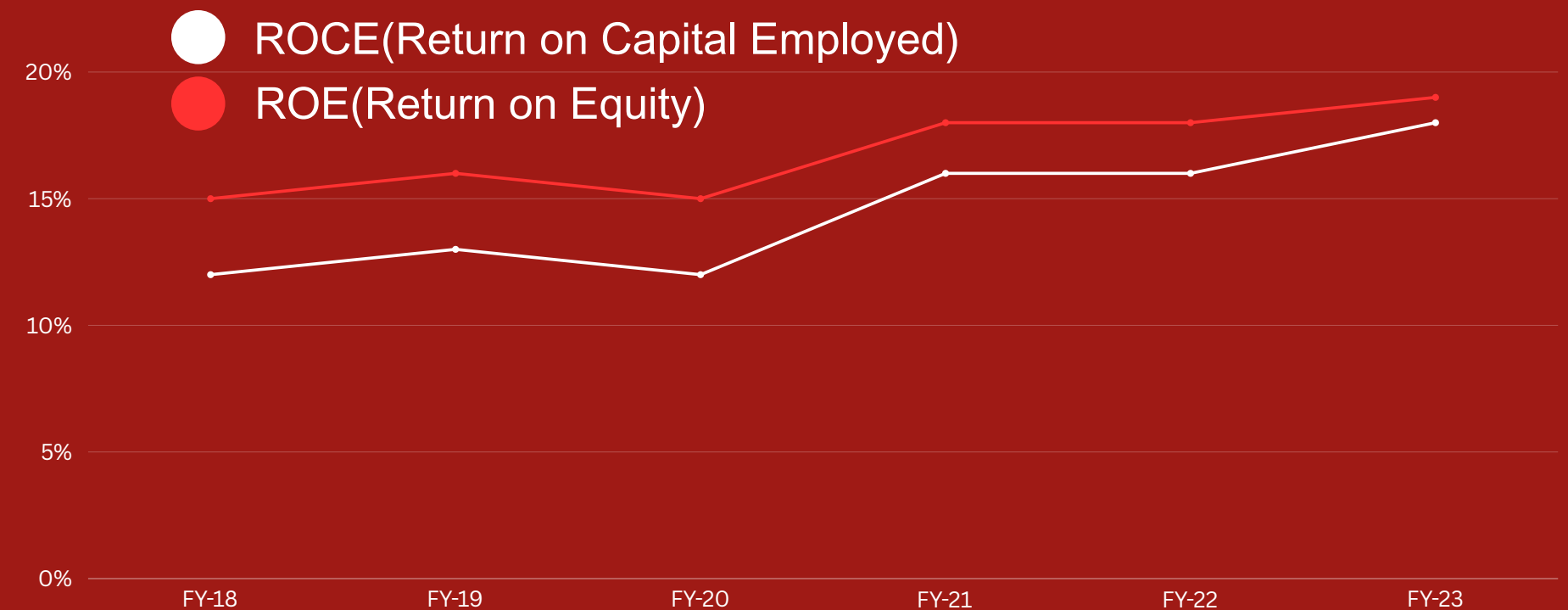
ROE
18.70%

EPS(TTM)
7.09%

Dividend Yield
0.72%

BookValue
Rs 37.93

The order book of RVNL is around Rs57000 Crores.



Technicals

LTP - Rs 281

Target - Rs 265

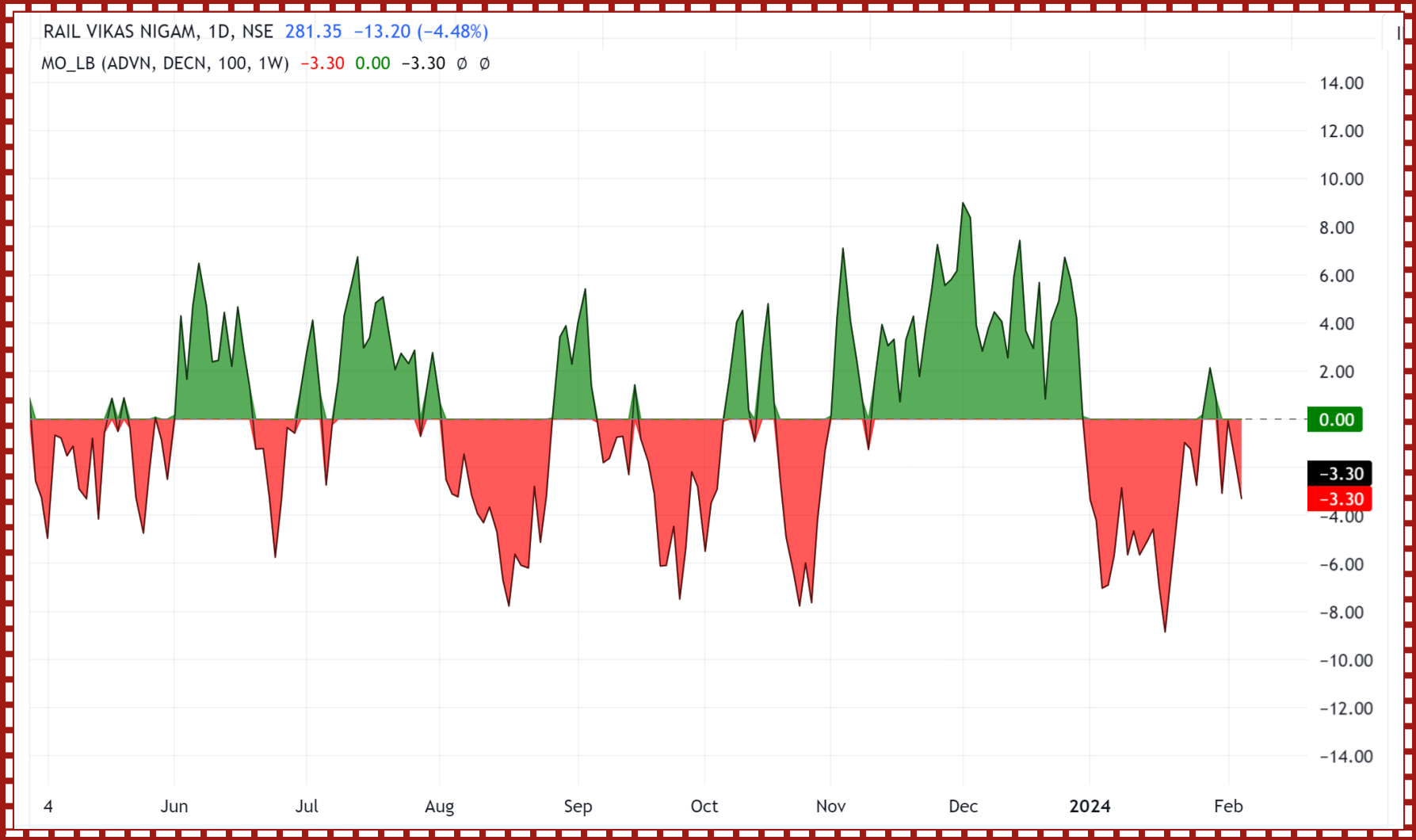
AD Line - Bearish

The McClellan Oscillator is an indicator based on market breadth which technical analysts can use in conjunction with other technical tools to determine the overall state of the stock market and assess the strength of its current trend. When the index is rising but the oscillator is falling, that warns that the index could start declining too. When the index is falling and the oscillator is rising, that indicates the index could start rising soon. This is called divergence



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Technical

MACD

Bearish

Moving average convergence/divergence (MACD, or MAC-D) is a trend-following momentum indicator that shows the relationship between two exponential moving averages (EMAs) of a security's price. The signal line is a nine-period EMA of the MACD line.

$$\text{MACD} = (\text{12 - period EMA}) - (\text{26 Period EMA})$$

EMA - Exponential Moving Average

Advance/Decline Lines

$$\text{A/D} = \text{Net Advances} + \text{Previous Advances}$$



Financial Statements

Income Statement

(₹ in crore)			
Particulars	Note No.	31-03-2023	31-03-2022
Revenue :			
I. Revenue from operations	20	20,281.57	19,381.71
II. Other income	21	996.47	800.24
III. Total Income (I + II)		21,278.04	20,181.95
IV. Expenses:			
Expenditure on Operations	22	18,720.02	17,902.35
Employee Benefits Expense	23	190.68	204.31
Finance Costs	24	581.37	563.72
Depreciation, Amortisation and Impairment	25	22.32	20.91
Other Expenses	26	124.10	91.95
Total Expenses (IV)		19,638.49	18,783.24
V. Profit before exceptional items and Tax (III - IV)		1,639.55	1,398.71
VI. Exceptional items		-	-
VII. Share in Profit/(Loss of Joint Ventures)		158.60	30.91
VIII. Profit/(Loss) before tax (V+VI+VII)		1,798.15	1,429.62
IX. Tax expense:	27		
Current tax		382.60	324.73
Earlier year tax		(4.23)	(11.52)
Deferred tax		(0.78)	6.27
Total Tax Expense (IX)		377.59	319.48
X. Profit after tax (VIII - IX)		1,420.55	1,110.14
XI. Other Comprehensive Income/(Loss)			
A. Items that will not be reclassified to profit or loss	28		
(i) Net actuarial gains/(losses) on remeasurements of defined benefit plans "		1.13	(0.39)
Income Tax relating to net actuarial gains/(losses) on remeasurements of defined benefit plans "		(0.20)	0.05
(ii) Share of other comprehensive income/ (expense) of joint ventures accounted for using the equity method (net of tax)		0.12	(0.02)
B. Items that will be reclassified to profit or loss		-	-
Total other comprehensive income/(Loss)		1.05	(0.36)
XII Total Comprehensive Income for the year (X +XI)		1,421.60	1,109.78
XIII Earnings Per Equity Share (Face Value Rs. 10 per Equity Share):	40		
Basic		6.81	5.32
Diluted		6.81	5.32
Weighted Average number of Equity Shares		2085020100	2085020100
XIV Corporate information and summary of significant accounting policies	1 & 2		
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Balance Sheet

(₹ in crore)			
Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
I. ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	26.63	23.10
(b) Right-of-use Assets	3.1	313.39	335.50
(c) Capital work in progress	4	1.27	1.20
(d) Other Intangible Assets	5	14.73	20.90
(e) Investments in Joint Ventures (Equity Method)	6.1	1,972.36	1,799.67
(f) Financial Assets			
(i) Investments	6.1	10.00	10.00
(ii) Lease Receivables	6.2	4,964.36	1,826.88
(iii) Loans	6.3	4.87	6.06
(iv) Others	6.4	1,799.66	1,086.55
(g) Deferred tax assets (Net)	7	13.73	13.16
(h) Other Non-current assets	8	255.99	204.68
Total Non-Current Assets		9,376.99	5,327.70
2 Current assets			
(a) Project-Work-in-Progress	9	58.93	49.91
(b) Financial Assets	10		
(i) Trade Receivables	10.1	969.30	938.17
(ii) Lease Receivables	10.2	377.28	279.95
(iii) Cash and Cash Equivalents	10.3	836.67	4,593.98
(iv) Bank Balances other than Cash and Cash Equivalents	10.4	1,016.64	2,229.53
(v) Loans	10.5	4.13	4.02
(vi) Others	10.6	2,597.09	3,115.17
(c) Current Tax Asset (Net)	11	12.03	2.21
(d) Other current assets	12	3,173.27	3,524.87
Total Current Assets		9,045.34	14,737.81
Total Assets		18,422.33	20,065.51
II. EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	13	2,085.02	2,085.02
(b) Other Equity	14	5,240.10	4,239.67
Total Equity		7,325.12	6,324.69
2 Liabilities			
(i) Non-current liabilities			
(a) Financial Liabilities	15		
(i) Borrowing	15.1	6,030.59	6,315.43
(ii) Lease Liabilities	15.2	11.15	27.91
(iii) Other financial liabilities	15.3	521.91	246.49
(b) Provisions	16	31.84	30.31
(c) Other Non current liabilities	17	59.60	17.78
Total Non-Current Liabilities		6,655.09	6,637.92
(ii) Current liabilities			
(a) Financial Liabilities	18		
(i) Borrowings	18.1	377.28	279.95
(ii) Lease Liabilities	18.2	22.32	20.18
(iii) Trade payables	18.3		
-Total outstanding dues of micro enterprise and small enterprises		35.52	1.67
-Total outstanding dues of creditors other than micro enterprises and small enterprises		585.22	221.69
(iv) Other Financial Liabilities	18.4	1,929.49	1,729.63
(b) Other current liabilities	19	1,464.04	4,821.11
(c) Provisions	16	28.25	28.66
Total Current Liabilities		4,442.12	7,102.89
Total Equity and Liabilities		18,422.33	20,065.51
Face Value Per Equity Share		10.00	10.00
III Corporate Information and summary of Significant Accounting Policies	1 & 2		
IV Notes forming integral part of the Financial Statements	3 to 54		

Cashflows

S.N. Particulars		Year Ended 31 March 2023	Year Ended 31 March 2022
1	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before taxation	1,798.15	1,429.62
	Adjustment for :		
	Depreciation, amortization	42.32	37.07
	Share in (Profit)/Losses of Joint Ventures	(158.60)	(30.91)
	Unwinding of Interest Cost on Lease obligation	3.10	3.16
	Unwinding of Interest Cost on Retention Money	0.09	0.30
	Unwinding of Interest Income on Performance and Security Deposit	18.22	(3.04)
	Allowance for Doubtful Debts	0.78	-
	Loss on sale of assets (net)	0.13	0.03
	Interest Expense	529.48	529.72
	Interest Income	(426.94)	(233.75)
	Dividend Income	-	-
	Operating Profit Before Working Capital Changes	1,806.73	1,732.20
	Adjustments for Changes in Working Capital:		
	Adjustments for (Increase)/Decrease in Operating Assets:		
	Trade Receivables (Current)	(31.91)	41.66
	Lease Receivables (Current)	(97.33)	(49.67)
	Lease Receivables (Non-Current)	(3,137.49)	(563.93)
	Project work in progress	(9.02)	(44.44)
	Other Current Financial Assets	728.59	(2,440.30)
	Other Current Assets	351.05	2,501.58
	Other Non Current Financial Assets	(711.49)	(873.75)
	Other Non Current Assets	0.01	(0.26)
		(2,907.59)	(1,429.11)
	Adjustments for Increase/(Decrease) in Operating Liabilities:		
	Trade Payables	397.39	(47.77)
	Other current Financial Liabilities	168.58	530.59
	Other Current Liabilities	(3,373.01)	4,122.39
	Security Deposit Accepted (Net)	217.50	177.72
	Short Term Provisions	0.79	3.53
	Long Term Provisions	1.53	3.19
		(2,587.22)	4,789.66
	Cash Generated from Operations	(3,688.08)	5,092.75
	Income Taxes Paid (net of refund)	(388.18)	(299.32)
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	(4,076.26)	4,793.43
2	CASH FLOW FROM INVESTING ACTIVITIES		
	Capital Expenditure on Property, Plant & Equipment/Intangible Assets/ CWIP	(10.13)	(14.25)
	Sale of Property, Plant and Equipments & Intangible Assets	0.42	0.44
	Advance for capital asset	(51.05)	(102.09)
	Investment in Joint Ventures	(23.64)	(58.63)
	Interest Received	216.81	244.95
	Dividend Received	9.68	10.00
	Bank Balances other than cash and cash equivalents	1,212.89	(1,511.90)
	NET CASH FLOW FROM INVESTING ACTIVITIES (B)	1,354.98	(1,431.49)
3	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Long Term Borrowings	0.00	700.00
	Repayment of Short -Term Borrowings	(279.95)	(230.29)
	Payment of Interest	(309.12)	(213.59)
	Payment of Principal Lease Payments	(22.68)	(21.14)
	Payment Of Interest Lease Payments	(3.10)	(3.16)
	Dividend paid	(421.17)	(421.17)
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(1,036.02)	(189.36)
	Net Increase/(Decrease) in Cash & Cash Equivalent (A+B+C)	(3,757.30)	3,172.58
	Cash & Cash Equivalent at the beginning of the Period	4,593.98	1,421.40
	Cash & Cash Equivalent at the end of Period	836.67	4,593.98
	Cash and Cash Equivalents		
	Balance with Scheduled Banks		
	- On Current Account	836.67	1,242.98
	- On term Deposit Account	-	3,351.00
		836.67	4,593.98

Investment Risks

- **Market Volatility:** RVNL's stock value is susceptible to fluctuations in the broader stock market, impacting investor returns.
- **Industry-Specific Risks:** The construction industry, including infrastructure projects, faces risks from economic cycles, regulatory changes, and government policies. RVNL's performance is closely tied to the health of the construction sector.
- **Dependency on Rail Projects:** RVNL's primary focus on railway-related projects makes it vulnerable to changes in government priorities, funding allocation, or delays in project approvals.
- **Project Execution Risks:** Infrastructure projects, by nature, carry risks related to execution complexities, potential delays, and cost overruns. These factors can impact project timelines and financial outcomes.
- **Debt Levels:** While RVNL's current debt levels are manageable, any significant increase in borrowing costs or challenges in servicing debt could strain the company's financial health.
- **Competition:** The construction and infrastructure industry is highly competitive. Increased competition may affect RVNL's ability to secure projects, maintain profit margins, and gain market share.
- **Regulatory and Policy Changes:** RVNL is subject to regulatory changes and government policies related to the infrastructure sector. Alterations in regulations can impact project feasibility and execution.
- **Dependence on Key Clients:** Concentrated revenue from specific key clients or projects exposes RVNL to risks associated with potential issues, delays, or cancellations related to these clients.
- **Macro-Economic Factors:** RVNL's performance is influenced by macro-economic factors such as inflation, interest rates, and overall GDP growth. Economic downturns may impact the demand for infrastructure projects.
- **Execution of Strategic Plans:** The success of RVNL's strategic initiatives, including potential mergers or collaborations, depends on effective execution. Any failure in implementing these plans could impact the company's growth trajectory.

THANK YOU