

Rail Vikas Nigam Limited – OFFER FOR SALE

25 - March - 2021

OFFER BACKGROUND

The President of India, acting through Ministry of Railway, Government of India has submitted to the Exchange, an announcement with respect to offer for sale through Stock Exchange Mechanism for sale up to 20,85,02,010 Equity shares of face value of INR 10/- each of Rail Vikas Nigam Limited with an option to additionally sell 10,42,51,005 equity shares (representing 5% of the total issued and paid up capital of the company). The "Oversubscription Option" and in the event that the Oversubscription Option is exercised, the Equity Shares forming part of the Base Offer Size and the Oversubscription Option will represent 15% of outstanding Equity Shares of the Company, i.e. 31,27,53,015 Equity Shares, and will collectively, here in after be referred to as "Offer Shares" while in the event that such Oversubscription Option is not exercised.

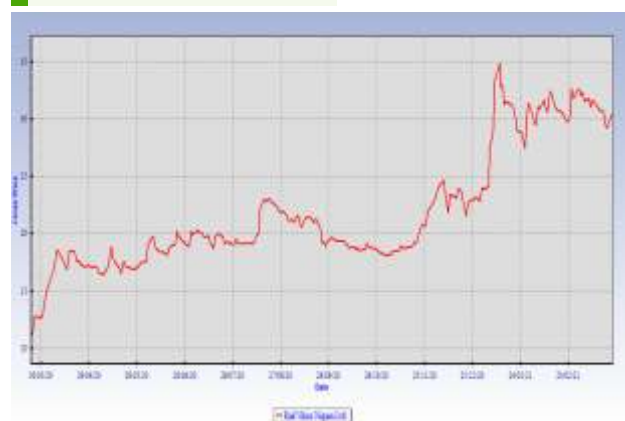
THE SYNOPSIS OF THE OFFER FOR SALE IS AS FOLLOWS:

Name of the Seller (Promoter /Promoter Group)	The President of India, acting through Ministry of Railway, Government of India
Name of the company whose shares are proposed to be sold and ISIN	Rail Vikas Nigam Limited
Name of the stock exchanges where orders shall be placed	NSE and BSE
Name of the designated stock exchange	BSE
Date and time of opening and closing of the sale	Date: March 24, 2021 for Non-Retail; Open: 9.15am; Close: 3.30 pm Date : March 25, 2021 for retail; Open : 9:15am; Close : 3.30pm
Total number of equity shares being offered in the Sale	Sale up to 20,85,02,010 Equity shares of face value of INR 10/- each of Rail Vikas Nigam Limited with an option to additionally sell 10,42,51,005 equity shares (representing 5% of the total issued and paid up capital of the company).
Name of the broker(s)	IDBI Capital Markets & Securities Limited, Elara Securities(India) private Limited
Retail Discount	No discount
Floor Price	Rs. 27.50
Allocation Methodology	The allocation shall be at or above the Floor Price on price priority method at multiple clearing prices ("Clearing Prices") basis in accordance with the SEBI OFS Circulars.

Stock Data

Latest Data as on 23 March, 2021	
Latest Equity(Subscribed)	2085.02
Latest Reserve	2085020100.00
Latest EPS -Unit Curr.	4.11
Latest Bookvalue -Unit Curr.	26.11
Face Value	10.00
Stock Exchange	BSE
Latest Market Price--Unit Curr.	30.40
Latest P/E Ratio	7.40
Latest P/BV	1.16
52 Week High -Unit Curr.	35.60
52 Week High-Date	11/01/2021
52 Week Low -Unit Curr.	10.20
52 Week Low-Date	24/03/2020
Market Capitalisation	6338.45
Dividend Yield -%	3.75

Price Chart



AVERAGES – Turnover (NSE)

	Total Turnover	Avg. Turnover	No. Of Days
Weekly	1585093632	317018720	5
Fornightly	2035556992	226173008	9
Monthly	4929882624	259467504	19
Quarterly	28976142336	475018720	61
Half Yearly	34950508544	281858944	124
Yearly	49553117184	198212464	250

AVERAGES – VOLUME (NSE)

	Total Volume	Avg Volume	No. Of Days
Weekly	52423512	10484703	5
Fornightly	66797728	7421970	9
Monthly	156722608	8248558.5	19
Quarterly	949537920	15566195	61
Half Yearly	1222473088	9858654	124
Yearly	1971966976	7887868	250

Key Findings

- Rail Vikas Nigam is an organization associated with Indian Railways involved in building rail infrastructure required by the railways. It is an offshoot of the implementation of National Rail Vikas Yojana (NRVY) and came into being on 24.1.2003 as a 100% owned PSU of the Ministry of Railway. 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 PPP 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 fast track.
- For the quarter ended 31-12-2020, company's consolidated net profit surged 171.57% to Rs 281.02 in Q3 FY21 from Rs 103.48 crore in Q3 FY20. Net sales during the quarter rose 0.90% YoY to Rs 3732.44 crore.
- The company becomes the first Railway PSU to have manufactured a MEMU Coach shell, with the commissioning of Marathwada Rail Coach Factory on December 25, 2020. The factory has been commissioned in only about two years ago. Moreover, the company is looking forward to manufacturing more Coach shells and roll out fully furnished advanced train sets from MRCF, Latur under the 'Make in India' program.
- Marathwada Rail Coach Factory is going to significantly contribute in overall development of this aspirational region of Maharashtra by heralding a modern industrial ecosystem. This factory has been designed with an initial capacity of manufacturing 250 MEMU / EMU / LHB / trainset type advanced coaches per annum. However, its capacity can be enhanced significantly as sufficient vacant space has been marked in the layout plan. The cost of this project amounts to Rs 500 crore plus the land cost of Rs 120 crore.
- On the development front, Thattaparai-Milavittan for seven km and Thullukkapatti-Tirumangalam section for 41 km was at an advanced stage. Work on the two sections would be completed by March 2021. is executing the Madurai-Thoothukudi/Vanchi Maniyachi-Nagercoil section has completed doubling works on 27.5-km stretch between Kovilpatti and Tirunelveli railway stations. Commissioner for Railway Safety will inspect the newly laid broad-gauge track between Gangaikondan and Tirunelveli railway stations for 14.5 km and between Kadambur and Kovilpatti railway stations for 23 km.
- RVNL has taken the lead for establishing six joint venture Special Purpose Vehicles (SPVs) in partnership with various stakeholders including Ports, Mines, State Governments etc. for implementation of rail connectivity project. RVNL has contributed equity of only Rs.983.80 crore, against which project worth Rs.8483.89 crore are being implemented with contribution of equity by the project partners and raising of funds through Financial Institutions.
- The project works of the Kutch Railway Company Ltd., Bharuch Dahej Railway Company Ltd., Krishnapatnam Railway Company Ltd., and Haridaspur-Paradeep Railway Company Ltd. have been completed and are under operations. These SPVs are contributing substantially to the total revenues of the Railways.
- In Krishnapatnam Railway, the work on the section between Venkatachalam and Obulavaripali has been completed in June 2019. This section has two tunnels with a total length of about 7.7 km, which were completed in 2018-19 in record time of 25 months. The issue of release of due amount from Railways is under resolution. Doubling of 247 km of the Kutch Railway line between Palanpur and Samakhiali which is being funded completely by the SPV at an estimated cost of Rs.2538 crore, has been taken up by RVNL on behalf of the SPV and work is proceeding satisfactorily. Electrification of this line at an estimated cost of Rs.655 crore is also in progress.
- In Haridaspur-Paradeep Railway Company Ltd., work on 82 km new line has been completed and operation of goods trains has been started. This will bring huge operational benefit to Indian Railways. The physical work on Angul-Sukinda New Line project is also in progress.

Risk

- Global slowdown
- Significant regulatory or economic developments.

Conclusion

The company has record to do fast track implementation rail infrastructure projects and during current quarter, it has reported improved financials. It has successfully mobilized funds for the construction of new lines by creating project specific SPVs with strategic stakeholders. Its large capital base can be leveraged to raise funds as per its original mandate.

**View : Company Fundamentally good for long term purpose
Size of offer for sale: Rs.573 crore if oversubscribed Rs.860 crore**

Shareholding Pattern (%)

Description as on	31/12/2020	30/09/2020	30/06/2020
Total Foreign	0.73	0.82	0.94
Total Institutions	1.12	1.54	2.28
Total Non Promoter Corporate Holding	0.33	0.34	0.5
Total Promoters	87.84	87.84	87.84
Total Public & Others	9.99	9.47	8.44

Shareholding of securities of persons belonging to the category Public and holding more than 1% of the total number of shares

Description as on	31/12/2020	30/09/2020	30/06/2020
Kotak Balanced Advantage Fund	1.04	1.47	
Kotak Tax Saver Scheme			1.59
Resident Huf			0.27

BSE DATA

Date	High -Unit Curr	Low -Unit Curr
Weekly	32.40	26.75
Monthly	33.45	26.75
3 Month	35.60	19.00
6 Month	35.60	18.05
1 Year	35.60	10.20

Allocation methodology	<p>A minimum of 25% of the equity shares being offered in the Sale shall be reserved for allocation to mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended ("Mutual Funds") and insurance companies registered with the insurance Regulatory and Development Authority under the Insurance Regulatory and Development Authority Act, 1999, as amended ("Insurance Companies"), subject to receipt of valid bids/orders at the Clearing Prices.</p> <p>In the event of any under subscription by Mutual Funds and Insurance Companies, the unsubscribed portion shall be available to the other bidders.</p> <p>No single bidder other than Mutual Funds and Insurance Companies shall be allocated more than 25% of the size of the Sale.</p>
Oversubscription option	<p>In case the Oversubscription Option is not exercised, the equity shares of the Company forming part of the Base Offer Size will hereinafter be referred to as "Offer Shares") through a separate, designated window of the BSE Limited (the "BSE") and the National Stock Exchange of India Limited ("NSE", and together with the BSE, the "Stock Exchanges"). The Offer shall be undertaken exclusively through the Seller's Brokers named below on a separate window provided by the Stock Exchanges for this purpose.</p>
Conditions for withdrawal of the Sale	<p>The Seller reserves the right to not to proceed with the Sale at any time prior to the time of opening of the Sale on the Sale Date. In such a case, there shall be a cooling off period of 10 trading days from the date of withdrawal before an offer is made again. The Stock Exchanges shall suitably disseminate details of such withdrawal.</p>
Conditions for cancellation of the Sale	<p>In the event (i) the aggregate number of orders received in the Sale at or above the Floor Price is less than the total number of Sale Shares or (ii) of any default in settlement obligations, the Seller reserves the right to either conclude the Sale to the extent of valid bids / orders or cancel the Sale in full. The decision to either accept or reject the Sale shall be at the sole discretion of the Seller.</p>
Conditions for participating in the Sale	<p>Non-institutional buyers shall deposit 100% of the order value in cash up-front with the Clearing Corporation at the time of placing bids for the Sale.</p> <p>In case of institutional investors who place orders with 100% of the order value deposited upfront, custodian confirmation shall be within trading hours.</p> <p>In case of institutional investors who place orders without depositing 100% of the order value upfront, custodian confirmation shall be as per the existing rules for secondary market transactions.</p> <p>The funds collected shall neither be utilized against any other obligation of the trading member nor co-mingled with other segments.</p> <p>Modification or cancellation of orders would be allowed during the duration of the offer only for:</p> <p>(i) Orders placed by institutional investors and by non-institutional investors, with 100% of the order value deposited upfront: Such orders can be modified or canceled at any time during the trading hours.</p> <p>(ii) Orders placed by institutional investors without depositing 100 % of the order value upfront: Such orders cannot be modified or cancelled by the investors or stock brokers, except for making upward revision in the price or quantity.</p> <p>The buyer shall also be liable to pay any other fees, as may be levied by the Stock Exchanges, including Securities Transaction Tax.</p> <p>In case of any permitted modification or cancellation of the order / bid, the funds shall be released/ collected on a real-time basis by the clearing corporation.</p> <p>In case of default in pay-in by any investor, 10% of the order value shall be charged as penalty from the investor and collected from the broker. This amount shall be credited to the Investor Protection Fund of the stock exchange.</p>



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QUARTERLY PERFORMANCE

	Qtr Ending Dec.20	Qtr Ending Dec.19	VAR %
Total Income	3732.44	3699.26	1
OPM (%)	5.89	3.31	78
OP	219.8	122.47	79
Other income	133.11	73.87	80
PBIDT	352.91	196.34	80
Net Finance Charges	6.1	7.02	-13
PBDT	346.81	189.32	83
Depreciation	4.35	3.91	11
PBT	342.46	185.41	85
Tax expense	61.44	81.93	-25
PAT	281.02	103.48	172

Financial Overview

(Rs. In Crore)

	202003	201903	201803	201703	201603
Equity Paid Up	2085.02	2085.02	2085.02	2085.02	2085.02
Networth	5115.9	4395.57	3924.02	3556.88	3422.43
Capital Employed	9694.09	7634.36	6607.24	6002.65	6054.02
Total Debt	4256.65	3024.2	2259.15	2436.88	2624.08
Gross Block (Excl. Reval. Res.)	384.28	321.06	285.09	39.56	36.84
Net Working Capital (Incl. Def. Tax)	5864.01	3762.28	2917.16	3084.99	3878.87
Current Assets (Incl. Def. Tax)	8561.16	8216.44	4594.32	5941.92	20040.53
Current Liabilities and Provisions (Incl. Def. Tax)	2697.15	4454.16	1677.16	2856.93	16161.66
Total Assets/Liabilities (excl Reval & W.off)	12391.25	12088.52	8284.4	8859.58	22215.68
Gross Sales	14530.58	10068.68	7597.36	5915.11	4539.85
Net Sales	14530.58	10068.68	7597.36	5915.11	4539.85
Other Income	245.68	366.29	331.09	301.98	180.44
Value Of Output	14530.58	10068.68	7597.36	5915.11	4539.85
Cost of Production	13634.7	9483.06	7177.37	5591.83	4292.02
Selling Cost	6.74	9.84	5.69	5.09	3.73
PBIDT	1015.59	897.2	713.54	583.76	397.79
PBDT	974.6	845.22	668.88	548.31	374.71
PBIT	995.3	891.46	708.7	578.74	393.12
PBT	954.31	839.48	664.04	543.29	370.04
PAT after Minority Interest & P/L Asso.Co.	753.32	687.74	569.52	443.46	429.43
Adjusted PAT	753.32	677.69	564.3	399.55	429.43
CP	773.61	693.48	574.36	448.48	434.1
Revenue earnings in forex	0	0	0	0	0
Revenue expenses in forex	0.54	0.58	1.86	4.37	4.6
Capital earnings in forex	0	0	0	0	0
Capital expenses in forex	0	0	0	0	0
Book Value (Unit Curr)	24.54	21.08	18.82	17.06	16.41
Book Value (Adj.) (Unit Curr)	24.54	21.08	18.82	17.06	16.41
Market Capitalisation	2689.68	0	0	0	0
Financial Years High & Low Prices					
High Date (BSE)	28-May-19				
High Price (BSE)	29.85	0	0	0	0
Low Date (BSE)	24-Mar-20				
Low Price (BSE)	10.2	0	0	0	0
Year End Price Date (BSE)	31-Mar-20				
Year End Price (BSE)	12.9	0	0	0	0
High Date (NSE)	28-May-19				
High Price (NSE)	29.9	0	0	0	0
Low Date (NSE)	24-Mar-20				
Low Price (NSE)	10	0	0	0	0
Year End Price Date (NSE)	31-Mar-20				
Year End Price (NSE)	12.8	0	0	0	0
CEPS (annualised) (Unit Curr)	3.71	3.16	2.6	1.9	1.29
EPS (ann.) after Minority Interest (Unit Curr)	3.61	3.3	2.73	2.13	1.88
EPS (ann.) after Minority Interest (Adjusted) (Unit Curr)		3.61	3.3	2.73	2.131.88

(Rs. In Crore)

	202003	201903	201803	201703	201603
Dividend (annualised%)	11.4	8.9	8	12.33	1.78
Payout (%)	2.57	27.65	31.04	65.73	43.71
Cash Flow From Operating Activities	-964.7	-695.06	-362.67	570.75	652.09
Cash Flow From Investing Activities	126.17	319.67	36.06	-25.37	99.71
Cash Flow From Financing Activities	827.11	319	-581.2	-668.41	-182.25
Rate of Growth (%)					
ROG-Net Worth (%)	16.39	12.02	10.32	3.93	11.83
ROG-Capital Employed (%)	26.98	15.55	10.07	-0.85	8.5
ROG-Gross Block (%)	19.69	12.62	620.65	7.38	2.22
ROG-Gross Sales (%)	44.31	32.53	28.44	30.29	44.28
ROG-Net Sales (%)	44.31	32.53	28.44	30.29	44.28
ROG-Cost of Production (%)	43.78	32.12	28.35	30.28	44.05
ROG-Total Assets (%)	2.5	45.92	-6.49	-60.12	37.68
ROG-PBIDT (%)	13.2	25.74	22.23	46.75	47.96
ROG-PBDT (%)	15.31	26.36	21.99	46.33	47.77
ROG-PBIT (%)	11.65	25.79	22.46	47.22	49.06
ROG-PBT (%)	13.68	26.42	22.23	46.82	48.94
ROG-PAT (%)	9.54	20.76	28.43	47.57	43.96
ROG-CP (%)	11.55	20.74	28.07	3.31	26.94
ROG-Revenue earnings in forex (%)	0	0	0	0	0
ROG-Revenue expenses in forex (%)	-6.9	-68.82	-57.44	-5	-39.55
ROG-Market Capitalisation (%)	0	0	0	0	0
Key Ratios					
Debt-Equity Ratio	0.77	0.64	0.63	0.73	0.79
Long Term Debt-Equity Ratio	0.77	0.64	0.63	0.73	0.79
Current Ratio	2.35	2.09	2.32	1.37	1.28
Turnover Ratios					
Fixed Assets Ratio	41.2	33.22	46.8	154.85	124.58
Inventory Ratio	2127.46	3146.46	19.78	0.76	0.34
Debtors Ratio	19.73	14.91	12.74	12.32	13.6
Total Asset Turnover Ratio	1.68	1.41	1.2	0.98	0.78
Interest Cover Ratio	24.28	17.15	15.87	16.33	17.03
PBIDTM (%)	6.99	8.91	9.39	9.87	8.76
PBITM (%)	6.85	8.85	9.33	9.78	8.66
PBDTM (%)	6.71	8.39	8.8	9.27	8.25
CPM (%)	5.32	6.89	7.56	7.58	6.72
APATM (%)	5.18	6.83	7.5	7.5	6.62
ROCE (%)	11.49	12.52	11.24	9.6	6.76
RONW (%)	15.84	16.53	15.23	12.71	9.27
Debtors Velocity (Days)	21	23	34	30	39
Creditors Velocity (Days)	11	5	5	7	6
Inventory Velocity (Days)	0	0	20	509	0
Assets Utilisation Ratio (times)					
Value of Output/Total Assets	1.19	1.41	0.96	0.49	0.62
Value of Output/Gross Block	41.2	43.42	55.84	47.2	47.31



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