

RVNL/SECY/STEX/2023

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<b>National Stock Exchange of India Ltd.</b> Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051. <b>Scrip: RVNL</b>	<b>BSE Ltd.</b> Department of Corporate Service, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001. <b>Scrip: 542649</b>
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**Sub: Transcript of Conference Call with Investors / Analysts  
/Institutions**

**Ref: Regulation 30 of the SEBI (LODR) Regulations, 2015**

Dear Sir/Madam,

We write further to our letter of even no. dated 17.02.2023 regarding intimation of the Audio Recording of Conference Call with Investor/Analyst/Institutions. The Transcript of the said Concall (held on 17.02.2023) is enclosed herewith and is also available on Company's website at [www.rvnl.org](http://www.rvnl.org).

**Path: RVNL Website > <https://rvnl.org/investor> > Investor > Board Meetings, Board Committees & General Disclosure > General Disclosures  
<https://rvnl.org/investor?investertab=Board Meeting&boardmeetintab=General Disclosures>**

You are requested to take the same on your records.

Thanking you,

Yours faithfully,  
For Rail Vikas Nigam Limited

(Kalpana Dubey)  
Company Secretary & Compliance Officer



# “Rail Vikas Nigam Limited Q3-FY23 Earnings Conference Call”

**February 17, 2023**



**MANAGEMENT: MR. PRADEEP GAUR – CHAIRMAN AND MANAGING  
DIRECTOR, RAIL VIKAS NIGAM LIMITED  
MR. RAJESH PRASAD – DIRECTOR (OPERATIONS),  
RAIL VIKAS NIGAM LIMITED  
MR. SANJEEB KUMAR – DIRECTOR (FINANCE) AND  
CFO, RAIL VIKAS NIGAM LIMITED  
SHRI A.K. CHOUDHARY – PRINCIPAL ADVISOR,  
(FINANCE)**

**Moderator:** Ladies and Gentlemen, Good day and welcome to the Rail Vikas Nigam Limited Q3 FY '23 Earnings Conference Call.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vishal Periwal. Thank you and over to you, Sir.

**Vishal Periwal:** Good afternoon everyone. First of all, I like to thanks to the management of RVNL for giving us this opportunity to host their earnings call. From the management of Rail Vikas Nigam Limited, we have with us Mr. Pradeep Gaur – Chairman and Managing Director, RVNL; Mr. Rajesh Prasad – Director (Operations), RVNL; Mr. Sanjeeb Kumar – Director (Finance) and CFO, RVNL.

So, as usual we will have a commentary from the management on the results, and then we will have the lines open for Q&A. Thank you, and over to you, sir.

**Rajesh Prasad:** So, very good evening. This is Rajesh Prasad. I'm Director (Operations). And with me, our Principal Advisor, Financer, Shri A.K. Choudhary sir; and Director (Finance), Mr. Sanjeeb Kumar is joining in two minutes. Mr. Pradeep Gaur is having another meeting, which is continuing for the last two hours, and he will be joining later on.

So, as you are aware that this company is 20 years old. We celebrated our 20th anniversary on 24 January 2023. we started operations from December 2005, and we were the executing arm from the CAPEX arm of the Ministry of Railways. Now the Ministry of Railways and Government of India also desire that we should have the broader perspectives.

We have been contributing more than 30% to 35% of the railway infrastructure, and we have commissioned more than 15,000 route kilometers of the railway infrastructure, doubling new line, gauge conversions, Railway electrification. Besides that, we are also in the Metro construction. And the turnkey projects, we have completed and commissioned 16 turnkey projects, which are really on a very, very fast track.

This was basically, this is the Mini Ratna company given in September 2013, and it is getting upgraded to Navratna. Our Administrative Ministry has accorded approval for this. And followed by, there was a meeting with the Department of Public Enterprises, and there also it has been cleared. And then after that we had the inter-ministerial committees meeting. They have again cleared it. So, it is almost like a tie, basically, it is only for some time that maybe during this financial year we will get the Navratna status.

We have got the PAN-India presence, and we are executing all kinds of railway infrastructures. We are involved in the complete project life cycle which starts from the concept to

commissioning the final location surveys, VPR, the designs, and plans, then estimation, tendering, and the basically land acquisition, execution, commissioning, and then defect liability period, and handing over for the operations.

We have got a very lean setup, and earlier it was 100% dedicated to IR. We were executing the railway infrastructures. So, now we have changed our model from local railway infra to global all infra. And if you see the performance of this company, the last 11 years, it has been rated excellent. And in the last five years, you can see the performance of this public sector, which is being issued by the Department of Public Enterprises. This must be the number one PSU in the country for the year 2020-21. It was third amongst all the PSUs. Three times it was number one. So, if you take the average, and it will have the basically, it will be the number one PSU.

Regarding the Q3 performance, very small thing, very briefly I would like to highlight that we had as per the target of MoU, we have been given a target of top line of 20,000 crore. As per the MoU, we have been given a target for commissioning of 1,000 kilometers. We have commissioned more than 810 kilometers. So, that is also as per the timeline. We have had the turnover of more than 14,560 crores after Q3. So, the other increase of around 12.5% with respect to FY'21-'22. So, again, this is a very good sign.

And if you see the share price variation of this particular company, in last this ten months' time, the share price appreciation has been more than 125%. And if you compare it with respect to BSE 500 Index, this is more or less stagnant in 24,000 mark. And BSE Infra index, which is more close to the infrastructure, it is again stagnant 288 as on 1/12/2022, and as on 1/2/2023, it is 287. So, with respect to that, it has shown a tremendous improvement.

And in the SPVs, there is a total turnaround in the special purpose vehicles in terms of the increase in the volume of the traffic in terms of the earnings. And in FY '20-'21, the total earnings in the whole of the financial earnings was loss of around 40 lakhs, which has got increased to 103 crores in FY '21-'22. But in FY '22-'23, even after Q3 in nine months, it has already surpassed 141 crores. So, all the SPVs have some tremendous improvement.

We have got a rating done. It is Triple A and stable. And we have started bidding in the market. We have participated in bids about 70,000 crores. We started this bidding only around 16, 17 months back, and it has shown a lot of improvement, and this price rating is around 24%, 25%. And we are also happy to inform you that the Angul Sukinda Rail, ASRL in Orissa is getting operational from February 2023. So, all the five SPVs will get commissioned, and accordingly, the earnings in time to come will go up. So, these are about the SPVs.

I talked about the overall performance of RVNL, and we are focusing in not only railway sector, but all sectors. And the major, the main agencies where we are concentrating is the Metro, then the tunneling works, then the port connectivity, marine works, S&T work, and the areas you can say that railways, highways, buildings. And we have already become global as I said earlier. We are executing one project at Maldives, which is costing more than 1,500 crores, and the project

has already taken off. And in time to come, this much I can ensure to the investors, that whatever the target from the positions which we have made for FY '22-'23, we are going to achieve that.

So, now we are ready for the questions, and then whatever questions are there, we will answer. And if you need further clarification, then I can also elaborate upon that.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is in the line of Harsha from Elara Capital. Please go ahead.

**Harsha:** Sir, can you just provide what is the order book outstanding as of Q3 FY '23? And can you give us details also of the segment wise?

**Rajesh Prasad:** So, you were asking about the order book. See, I can tell you that as on 31/3/2023, based on the projections, we will have an order book of around 55,000 to 60,000 crores. It has to be reconciled. And if you want to know the break up for the segment wise, then through the market bidding, it will be around 20%. So, out of 55,000, 20% will be through the bidding, and then rest will be the typical railway projects, which have been given on nomination basis.

**Harsha:** So, nomination will be 80% as of FY '23, but if you can just provide what will be the, for nine months FY '23, if possible, the order book outstanding? Can you give us the 3Q number outstanding? I mean, this one is for FY '23, but what will be that for 3Q?

**Rajesh Prasad:** Outstanding numbers regarding what?

**Harsha:** Order book.

**Rajesh Prasad:** Order book means, see, it is a dynamic situation. So, (- 4,000). And we will have some appreciation this year. So, around 52.

**Harsha:** So, as of December, it's 52,000 crores?

**Sanjeeb Kumar:** No, you said Q4. So, this will be--

**Harsha:** No, no, as of Q3. Q3 FY '23?

**Sanjeeb Kumar:** As of Q3, we gave you 55,000. Then you wanted something more. So, that is 52,000.

**Harsha:** Also, second question would be, what was the order inflow for nine months FY '23? And are we L1 in any of the other projects?

**Sanjeeb Kumar:** L1 is sensitive information. We can't give you.

- Rajesh Prasad:** Yes. But I can tell you the strike rate is around 24%, 25%. And if you want to know that how many bids we have submitted, so I have already explained that we started reading only 15 months back, 16, 17 months back, and we have participated in bid worth 70,000 crores.
- Harsha:** And just last question. Can you just provide the update on the Kyrgyzstan project? I mean, what is the progress for the same? Are we like, because last we were going to approve the DPR, and then probably take on the next part, so is there any update on the same?
- Rajesh Prasad:** So, basically, we have identified four such projects, and the total length is around 1,000 kilometers costing around US\$2 billion to US\$3 billion. So, we have signed an MoU, and we have already formed a JV with Kyrgyz industry. And basically, in first phase, we will be executing three projects. And the moment we get additional information, it will be placed before the SEBI, and it will be available in the public domain.
- Moderator:** Thank you. The next question is from the line of Pranay Khandelwal from Alpha Invesco. Please go ahead.
- Pranay Khandelwal:** I wanted to ask in the recent interview, you alluded that you have participated in a bid of 50,000 crores plus for trainsets. Can you give more clarification about that? And also is it a tie-up that you are doing with the company?
- Rajesh Prasad:** We have participated in a bid. That is correct. This is under evaluation stage. And if we get any update, it will be made available to the public also. So, basically, it is a work where the trainsets are required to be manufactured. There are five bidders in this, and we are one of the bidders who have participated in this tender. And the approximate cost is around 55,000 crores plus.
- Pranay Khandelwal:** And we have bid separately, like there is no tie-ups.
- Rajesh Prasad:** We are not counting this in the total bid, the numbers which I had shared. That would be 20,000 crores. If we add this, then the total number of bid, total, basically, amount of bids will be 1,25,000 crores.
- Pranay Khandelwal:** And can you also say anything more about the Maldives project? I heard in your opening remarks that you said that it has been commenced. So, what's your timeline?
- Rajesh Prasad:** Maldives project, yes, we have already shared the information that we have been awarded the project of Maldives. This is costing around more than 1,500 crores. It was a QCBS tender. It is a sensitive information, because it is a Government of India's project being developed for some MNDF, and we have already started executing the project. This is the first project for the first time we are executing an overseas projects.
- And I am also happy to inform you that it is not a typical railway project. It is a marine work. So, we are getting diversified. Number one. We are executing the first project in overseas

commission. And in time to come, we are very keen to have more and more projects overseas also. And you can see in time to come.

**Moderator:** Thank you. The next question is from the line of Sandeep from Shivam Dealmark Private Limited. Please go ahead.

**Sandeep:** Thank you for giving us the opportunity to have a one-to-one and find out more about the company. I basically have two concerns. So, one is that we have seen a very flat top line growth in Q3, and with the bid size of most of the orders that the company seems to be getting is very small, you know, in the region of 30, 40, 50 crores. So, is there any constraint in ramping up our order book?

**Rajesh Prasad:** See, I have understood your question. The first question is the flat performance in Q3. But let me first answer. Just if you see the performance of Q3, then okay, fine, it is flat because it is more or less 5,000 plus crores in terms of the top line. But if you see the cumulative performance, there is a jump of 12.5%. That is 12,945 crores to 14,560 crores. So, the top line has also increased, if you see the overall performance up to Q3. See, we are more concerned about the PAT, the bottom line. And if you see the PAT, it has increased by 30.45% with respect to 715, this time it was 923 crores.

Regarding the orders, see we wanted to first enter into the market. Our aim was that yes, let us get some work from the market, and the first two packages from Indore Metro gave a very positive sign. The margin was very good. And we are very, very happy to inform that we are going to commission this particular Metro project. We are going to have that rail in our project in Indore, which we bid from the market in the month of September and October.

Regarding the small value or the bigger value, I will say the only thing tells that if it is a highly technical like signal and telecommunication, yes, the smaller values tenders are there. But higher value tenders are also there. For example, this one package of Chennai Metro, it is costing around 1,134 crores. Maldives project is 1,500 plus crores, 1,546 odd crores. So, we have got the mix of all kinds of infrastructures, the smaller values, but at the same time bigger values also.

**Sandeep:** Sir, are we maintaining our gross margin, which if I remember correctly from the past Investors Meet, it was normally in the region of 5.5% to 6.5%. So, when we say that, you know, we are going in for a higher technical project, do the margins improve over there? Or do we continue to make that 5.5%, 6% or 7%?

**Rajesh Prasad:** See, you will have to understand that we have got various models, and the models are like the projects which have been assigned on the nomination basis. The projects which have been the SPV projects, which we are executing, are almost at the completion stage. Then we are executing the project from the market, and also the dividends from the SPVs and the interest rate which we get from the banks for our deposit.

So, if you wanted to know, if you want to know about the margins, see, the margin has been around 5.6% to 5.8 % something like that, and in time to come, in time to come, we will be focusing more on the margin part. But yes, there is an element of risk involved in this for the project which we are getting from the bid. For that, we are allocating the risk factor, risk factor for the project for which we are bidding.

I will set one example. See, we are bidding in the projects, and there are some price variation clauses available, whether it is the EPC based or the DOP based, and sometimes the escalation is not as per the price variation which we normally get from the contract. So, we allocate a risk depending upon the kind of tenders and the contracts provisions are there. So, we are taking care of this. It is a kind of risk which we are addressing.

What I wanted to tell you is that in time to come, there could be a time when the margins will go down. But I can assure you this much, that in time to come, in the longer version, the margin is going to up, going to be up, because we are in the market. We are taking excellence for increasing the margin.

See, we have decided that we are going to have the Procurement Cell so that we will be supplying the material. We are going to have the Engineering Design Cell. We are augmenting the existing design cell. The idea behind this is that we will do some kind of value engineering for the project. So, we are working in the right direction. Normally, every private infrastructure company and legal company do these kind of practices. And we are equally concerned for this.

**Sandeep:**

The next part of my question, sir, relates to one company, this joint venture company there, which is Krishnapatnam Railway Company. I think, we are having a constant problem with them even in Q3 for details have, you know, mentioned some they have given notes to say that we are not getting funds from them, and in the last Investor Meet also, Mr. Gaur had informed us that some progress is being made, and they are continuing to pay very small amounts. So, can you update us, sir, on any further improvement with their performance or, you know, their commitment to our company?

**Rajesh Prasad:**

So, let me first explain about this company. This is a project, this was a project sanctioned by Ministry of Railway through PPP model, and the first phase commissioned in 2008-09, and the final commissioning took place in June 2019. And the annual share is 49.76%. 82% of the equity are held by the Central Government, State Government and PSUs. And the companies, their financials are also audited by CAG. We have executed projects worth around Rs. 2,400 crores, and we have received 1,600 crores plus, and this is a kind of a trade receivable. This is number one.

Number two, the reasons behind this trade receivable is that there are two source of earning. One is called the terminal cost. The other is called the freight apportionment and for a siding. So, the Ministry of Railway agreed from 2017 rather than from the date of commissioning. So, this has led to all kinds of problems, and arbitration is going on. The next hearing, most probably maybe



the final rounds of hearing will take place in last week of February. And we are very hopeful that we are on very strong footing. And you can also appreciate that if anything, any, out of any commercial agreement, if it is to be paid, it has to be paid from the operational date, the commencement COD, not from any date after that. So, this is number one.

Number two, now, if you see the performance of this particular company, this has shown phenomenal progress in terms of the loading, in terms of the apportion earning. For FY '20-'21, the loading increased. FY '21-'22, the loading was 11.53 million tons with respect to FY '20-'21 of 8.61 million tons. And the apportion earning also increased from 183 crores to 231 crores. This was the comparison of FY '20-'21 and FY '21-'22.

Now if you see the first nine months' performance, the traffic has gone by 80%. Apportion earning has gone up by 97% with respect to the previous financial year first nine months' performance. We have commissioned two crossing stations, Brahmanapalli and Velikallu. This will again further increase efficiency. And I am 100% sure that, in time to come, the company will improve its further its performance of the loading and transportation. Whatever dues which are pending from the Ministry of Railways, this will be decided after the Arbitration Tribunal gives the judgment, which is at the final stage. And we are very hopeful that in time to come, we will get that.

**Sandeep:**

One more perspective, you know, it's either a suggestion or a question, sir, is that we now have almost, we do have eight such SPVs and joint venture companies, and each of those companies have now gone into giving revenues, generating profits. As a shareholder or as an investor in the company, can we hope to have some sort of a consolidation or a listing of any of these companies or a consolidation of these companies as one for RVNL and to create more value for the shareholders?

**A. K. Choudhary:**

See, I am A.K. Choudhary, Principal Advisor, Financer speaking. The nature of these SPVs, they are temporary. Their life is 30 years. It has a concession Period of total 30 years. After that, the company will be taken over by the Ministry of Railways. So, no long-term plan can be done for consolidation and all. After 30 years, they will merge with Indian Railways. The other new one, they are project specific. Up to the project life, they are there. After that, again, these companies will be dismantled and all. So, no point, certainly there is no point in consolidating or listing these companies, because these companies are not permanent in nature, they are the SPVs.

**Moderator:**

Thank you. The next question is from the line of Devang Shah from Asit C Mehta Investment. Please go ahead.

**Devang Shah:**

Sir, I have one question. Where we have seen in the budget, the government has given us such kind of, you know, CAPEX program to boost the overall infrastructure, and the allocation has been given in general of 10 lakh crore of CAPEX, and particularly in a railway front, 2.43 lakh

crore, and many other infrastructure, Gati Shakti projects and many are there. They have shortlisted.

So, as far as your future order outlook is concerned, because, you know, you have guided very well that you are going to have a strong order book, then only you can achieve your target. So, you have to have a strong order book. So, by considering this fact, as far as overall infrastructure development, how you are going to capture this particular thing? And how it will be beneficiary to company as far as order inflow is concerned as far as participation and what you are thinking? What's your plan, sir?

**Rajesh Prasad:**

So, you were right, that yes, the Ministry of Railways and the Government of India have got huge plan for the CAPEX and the creation of infrastructures, all kinds of infrastructures, not limited to only railway infrastructures. And you are also right that the CAPEX this time is 2.4 lakh crores in comparison to 1.37 lakhs crores of the budget estimate of FY '22-'23, which got in half to 1.59 lakhs crores of the revised estimate. And the total CAPEX has increased from 7.4 lakh crores to 10 lakh crores.

See, the Ministry of Railways has got huge plan for the capacity building, the Unigauge, the 100% railway electrification, transportation of 3,000 tons by 2030, then Safety Kavach, station development, connecting non-connected areas. So, yes, it is there, and RVNL has got a proven track record.

See, this infrastructures, especially the railway infrastructures are complicated and complex. And it is not something like that you have got the money and then you go to the market and you just implement this infrastructure project. It requires a lot of technical decisions, technical coordination, interfacing, and everything is very complicated and complex. And at the same time, RVNL has got a proven track record.

Why I am saying all this, that at the end of the day, it will be RVNL which will be playing a significant role in all those. And in FY '22-'23, if you also see that we have commissioned around 810 kilometers during FY '22-'23, and it is around 30% of the entire commissioning by Indian Railways including RVNL. So, I don't know how it will come to us, but certainly, it is one of the area where we will be focusing. And we are very keen to enter into all these kinds of infrastructure projects.

So, we are not only concentrating only this 2.4 lakhs crores of the chunk. We are concentrating on the entire 10 lakh crores, whether it is in the Metro segment, whether it is in the other segments, road segment. So, we have identified that well, we should focus. And certainly, we have got expertise in the railway infrastructure structure. So, we will concentrate on the railway infrastructure sector.

The Metro segment is again very good. We have got plenty of experience. This year, in this financial year we have commissioned two Metro corridors sections in Calcutta, and Indore Metro

has taken out very well. Chennai Metro, yes, we have got the LOA. We have already started setting up the custom yard and the agency.

So, everything is in line. Everything is in line. And we are 100% sure that in time to come, we are going to have a lot of railway infrastructures getting implemented by RVNL, and also the other sectors like the road sectors, the Metro sectors, even the high-speed corridors. So, we are also concentrating on that, and we will see how we will get that.

**Devang Shah:** So, you mean to say, sir, that order inflow, that is going to be definitely on a positive side going forward by looking at this development, right? And you are going to be in a tendering process. So, it will not be restricted to only railway. You will also participate in other tenders and try to get the orders from these development, right?

**Rajesh Prasad:** Actually, we have been getting that. We have been getting that. We have bid Metro corridors for Chennai. For Surat Metro, we are executing one depot. We are executing systems. We are executing tracks. So, we are entering into all kinds of segments. So, see, earlier we were having only one option depending upon the Ministry of Railways. Now we have got the wider options available.

**Devang Shah:** One more question regard to your Q3 earnings, we are seeing that there is a decline in our share of profit from the JVs. So, any particular, on a sequential basis I am talking about. So, any particular reason for that?

**Rajesh Prasad:** No, no, you have seen the wrong figures. I will cite the example, that up to Q3, we had an earning of 141 crore with respect to the 88 crores of FY '21-'22. Am I correct?

**Devang Shah:** Yes, you are correct on that front. I am just saying Q-o-Q basis. You are right on your calculation that I have seen, but on a quarter-or-quarter basis, if you see last quarter, it was 78 somewhere odd crores, and this quarter you have realized somewhere close to 43 crores. That is the only thing.

**Rajesh Prasad:** See, it's the statistics how do you see it, we see it in a cumulative basis in the financial year. And the seasonal flow and the traffic pattern also changes depending upon the, see, one of the traffic is the coal import. Imported coal transportation. So, that depends upon the kind of demand and supply, and the government's requirement of the places. So, it keeps on changing, but we monitor up to the month, up to the quarter, and up to the quarter, there is an increase. Maybe in the same quarter if you compare, it may be flat or maybe slightly less. But if you see the overall performance in FY '22-'23 with respect to FY '21-'22, there is a sharp increase.

**Devang Shah:** And last question. Sir, as far as the next financial '23-'24 is concerned, sir, you are going to maintain the same revenue guidance that has been so far we are seeing?

**Rajesh Prasad:** See, these MoU targets, like the 20,000 crores of top line, this is fixed by the Department of Public Enterprises, Ministry of Railways, and Government of India, and depends upon the so

many factors. So, the way we have been working, we want to see that there is a growth, and there will be a growth in the top line, and we are focusing more on the bottom line. And maybe in '23-'24, we will have the bottom line maybe more than 1,200 crores maybe 1,250 crores or 1,300 crores. And from the investors' perspective, this is more important to have the better bottom line.

- Moderator:** Thank you. The next question is from the line of Harsha from Elara Capital. Please go ahead.
- Harsha:** Just one clarification. You mentioned that receivables were 1,600 crores from the Krishnapatnam JV. So, can you just provide what is the interest --
- Rajesh Prasad:** I said the total project cost was around 2,400 crores, out of which we have received already 1,600 crores. Remaining 800 crores, 800 odd crores are trade receivable. This is what I had said, and there is arbitration going on. It is almost at the last stage of finalization. So, we hope that we will be able to get these through arbitration. And the demand and the issues are very simple. If you wish, I can explain this to you again, that there are two issues: terminal cost and the freight apportionment for the siding.
- Harsha:** That I understood. So, in that 800 crores trade receivables, is there any interest component on that or it's just purely trade receivables?
- A K Choudhary:** We have got the interest separate. Interest is based on separately, not as trade receivables.
- Harsha:** And what would that amount be? Interest?
- A K Choudhary:** Roughly around 450 crores. No, sorry, 530 crores.
- Harsha:** 530 crores. Next question would be, so, recently, we saw an unfortunate event in Joshimath. So, is there any, because of that event, have you seen any impact on the Char Dham project that the MoR is going to be sanctioned or they were planning to build?
- Rajesh Prasad:** No, Char Dham, we are not aware. We are not aware. See, we were given the assignment of doing the survey and the feasibility reports, and we have already submitted that. We are executing Karnaprayag to Rishikesh. And the moment the project is sanctioned, the Ministry of Railways will take a call that how they want to get it executed.
- Harsha:** So, there is no, and also last question. So, you said around 80 % of the current order book is nomination based. So, by when will that order book be out of their books, like by FY '25-'26?
- Rajesh Prasad:** Normally a typical railway project takes around 5 years' time for completion and commencement. So, if the project has started around two years back, it may take another two years. If it had started around 3.5 years back, it would take 1.5 years back. So, what I can say is that in down the line maybe 3, 3.5 years, it should be completed, the works which have been given on nomination basis.

- Harsha:** And last question. Also, you mentioned that you have bidden in projects worth 70,000 crores. So, can you just provide what is the international component of the same? I mean, are we looking for any--
- Rajesh Prasad:** I don't have the figures right now available, but I can tell you that we have started executing overseas. The first overseas contract was around 1,546 crores in Maldives, and that project has already commenced over there.
- Moderator:** Thank you. The next question is from the line of Vishal Periwal. Please go ahead.
- Vishal Periwal:** Sir, you have mentioned like, you know, the profit from associate has been pretty good this year, 141 odd crore. Will you have the breakup of this in subsidiary wise, if available, sir? So, I think, you mentioned that profit from associate year till date is around 141 odd crore. So, do you have a number available how exactly this stack up subsidiary wise?
- A K Choudhary:** Yes, we have got the numbers. But Yes, see, the highest contributor is Kutch Railway, which has a PAT of 237.42 crore, and we have 50 % share. So, our PAT share comes to 118.71 crores. Out of 141 crores, this is the single largest chunk. Then Bharuch Dahej are having a PAT of 40.6 crore. Our share has been 35.46%. Share in PAT is 14.4 crore. Krishnapatnam has a PAT of 11.42 crore, and our share stands at 5.68 crore. Haridaspur Paradip has a PAT of 7.56 crore, and our share is 2.27 crore. And lastly, notional PAT of Angul Sukinda, our share is 12 lakh. So, it adds up to 141 crore roughly.
- Vishal Periwal:** And in terms of new subsidiaries, any other, sorry, any other JVs that will be commissioning in this year or maybe like FY '24, do you foresee, sir?
- Rajesh Prasad:** See, the earlier SPVs, which was built for the railway infrastructure like Kutch Railway Company, Bharuch Dahej, Krishnapatnam, Haridaspur, they were commissioned earlier. Angul Sukinda is getting commissioned this month. So, it is going to change the dynamics of the transportation, and these were the typical railway architecture SPVs. And the new SPVs, which are being formed to business development will take some time to get basically completed and commissioned.
- Vishal Periwal:** And I think, since we are moving into more of a competitive bidding, I think we are setting up allied infra. So, can you give some breakup or maybe some guidance on like what has been the CAPEX this year? What are we doing from next year?
- Rajesh Prasad:** So, basically, top line you are asking.
- Vishal Periwal:** Yes.
- Rajesh Prasad:** So, the top line I said this FY '22-'23, we have been given a target of 20,000 crores, which we are going to achieve maybe 20,500 plus. And next financial year --

- Management:** New JV's.
- Vishal Periwal:** CAPEX.
- Rajesh Prasad:** New JV's CAPEX. Yes, it is initial stage, we may not be able to predict now.
- Moderator:** Thank you. The next question is from the line of Deep Mehta from Bank of India Mutual Fund. Please go ahead.
- Deep Mehta:** I just need some clarification regarding your guidance of 1,200 of PAT in FY '23. Sir, for nine months, we have done around 1,060 crores of PAT. And if I have to do some calculation, then you are saying that in Q4, you will do around 140 crore, 150 crore of PAT. And that will be 50% degrowth compared to last year same quarter, and also margins will be very lower. So, can you give some clarification on this?
- Sir, you have done around 1,060 crores of PAT in this nine months, and you are guiding that we will do 1,200 crore in this full year. So, does this mean that you will do only 150 crores, 140 crores of PAT in Q4, and that will signify a very lower margin for Q4?
- Rajesh Prasad:** You are not telling correctly. See, the PAT after the Q3 was 923 crores, which was around 30% higher than with respect to 715 crores of FY'21-'22. And see, these are the figures of the first three quarters. So, next three quarters, if you take even the average, it will become 1,200 crores.
- Deep Mehta:** So, you are taking standalone profitability for your guidance?
- A K Choudhary:** Yes.
- Deep Mehta:** Adding the JV profit.
- A K Choudhary:** No, no, we are not taking the JV profit for this.
- Deep Mehta:** That is very helpful. And can you give some color on what is the growth we are looking for next financial year, that is FY '24?
- Rajesh Prasad:** So, the growth part, I said, somebody had asked this question. And then I said that the top line is basically decided by the Department of Public Enterprises, Ministry of Railways, Government of India. This year it was 20,000 crores, which we are going to achieve around 20,500 crores. This depends upon so many other factors. So, this year FY'23-'24, we may target around 21,000 crores plus, and the bottom line we would like to have again more than 1,200 crores.
- But I will tell you one thing. You see, all the investors are there in line only. So, I will tell one thing, that only 16, 17 months back, we decided to bid in the market. And we not only survived, we have performed exceedingly well, and our numbers speak very high about us. And as I said in the beginning, that if you compare even the market appreciation, the share price appreciated

by more than 128 % in first 10 months, whereas the BSE 500, it is stagnant. BSE Infra index, it is stagnant. What else you expect from us?

It is after all a government company where the Government of India is having a share of 78.2%. So, that is why I keep on quoting that it is a very, very flexible company where we have got this flexibility of the efficiency of the private organizations, private companies, and the authority and trustworthiness of the government companies.

**Deep Mehta:** I completely agree. In fact, for the last five years, our growth will be highest among all both private as well as public companies. So, this year, your growth has been quite exemplary in the past.

**Moderator:** Thank you. The next question is from the line of Devang Shah from Asit C Mehta Investment. Please go ahead.

**Devang Shah:** Sir, as you are now participating in a tendering process, so do you have a cost escalation clause also in a tender? Because on a nomination basis, we understood that you are getting certain fees from the Ministry of Railways, but in a different model, how it works as far as cost escalation is concerned?

**Rajesh Prasad:** See, it depends upon the plan, the provisions made in the tender document. Each and every tender is different. Each and every tender is having different kinds of provisions. Each and every tender, it could be a EPC. It could be a BOQ based. And sometimes it is a mix of that. And the price variation clauses also vary. Sometimes even the price variation is not available. So, what we do is while bidding, we have got a complete business development cell. We allocate a risk depending upon the kind of provisions made in that particular typical tender. And we allocate that risk so that the risk factor, the risk is slightly mitigated.

So, yes, you are right. This is slight, it is not very clear at the time of bidding, but yes, we are allocating risk, and we have developed enough skills on this particular aspect. And the price variation sometimes may get some extra benefits; sometimes may not. Escalation may not be as per the market, the perception market variation, but yes, we are allocating a risk factor for that.

**Moderator:** Thank you. The next question is from the line of Sandeep from Shivam Dealmark Private Limited. Please go ahead.

**Sandeep:** Sir, but what kind of a fund allocation can we expect, what dividend from the current year's profits?

**Rajesh Prasad:** You are asking about the dividends?

**Sandeep:** Yes, sir. The dividend guidelines for the current financial year.

**Rajesh Prasad:** The guidelines are available as per the Ministry of Finance directive, and we will abide by that.

- Sandeep:** And what is that, sir?
- Rajesh Prasad:** Last year, it was 35%. They haven't issued for this year.
- Moderator:** Thank you. The next question is from the line of Rajesh from Moneyore. Please go ahead.
- Rajesh:** Sir, are the margins more in the bidding order?
- Rajesh Prasad:** See, in long term, in longer term, I can tell you the margins will go out, but in the initial stage, there could be a dip. I can tell you about Indore Metro, the first two packages. There the margins are quite good, and maybe it's slightly better than the margins which we used to get from the Ministry of Railways.
- Rajesh:** And sir, this order book, that Kyrgyzstan order is included in this 52,000 crores order book?
- Rajesh Prasad:** It is not included. It is not included.
- Rajesh:** So, when we are supposed to get that order and included?
- Rajesh Prasad:** This will be notified in the public domain.
- Rajesh:** And sir, how will the PAT grow from next two, three years if we are not growing the top line? If the top line will not grow, it will grow for 5% or 10%. How the PAT will grow by 20% next two, three years?
- Rajesh Prasad:** Because we are in the market. We are in the market. When we are in the market, then we have got flexibility. Probably you had not heard, what I was mentioning is that we are opening up basically design cell, extending the design cell for the value engineering. We are in the process of making a procurement cell where the material supply etc., will be done by us. What these things will help us in that there will be a cost reduction in the execution of the project, and then we can increase the margin. This is what the major mega infrastructure companies have been doing.
- Rajesh:** How much time it will take, sir? In one or two years? How much time it will take to increase the margin?
- Rajesh Prasad:** See, this is something which cannot be predicted. But yes, we are thoroughly professional, and we allocate all kinds of risk, and we are aware about the margin requirement. And see, this is a government company. Just now I was mentioning that only 16, 17 months back, we started bidding in the market. Because we became zero that the nomination became zero. And you can see that we have participated in bids of around 70,000 crores plus.



So, this is something unique for this particular company, and we are working for not only the bid parts, getting the work. We are also equally concerned in the implementation part. We are also concerned about the margin part.

**Rajesh:** So, the last question, how is the JV going to perform in the future going forward? All JVs?

**Rajesh Prasad:** Which JV you are asking about?

**Rajesh:** All JVs, especially Kutch Railway or all JVs?

**Rajesh Prasad:** I can tell you, I can tell you, these JVs, there will be a turnaround in the JVs, because a lot of developments have taken place. All the SPVs, the infrastructure SPVs have been commissioned, and the traffic has gone up. And with the internal resources in the Kutch Rail Company, they are undertaking the doubling the railway electricity. So, the cost of O&M will go down because the diesel traction will get changed to the electric traction. And then O&M cost will go down. So, there are so many things happening in these SPVs. And slowly the traffic has gone up like anything, as I said, in Krishnapatnam alone the traffic has gone up by 80%, and the apportionment earning has also increased accordingly, 97%.

**Moderator:** Thank you. Ladies and gentlemen, we will be taking the last question. That is from the line of Devang Shah from Asit C Mehta Investment. Please go ahead.

**Devang Shah:** Sir, I want to have one clarification, that you are saying that in the current order book, 80% of the order book is still on a nomination basis. So, you have changed your business model from nomination to tendering basis. So, now onwards, there will be no nomination contract, right? It would be completely tendering basis only you are going to get an order through, right, sir, correctly if I am understood?

**Rajesh Prasad:** See, you were partially correct. See, the MoU, which we have signed with the Government of Kyrgyzstan, the projects are on the nomination basis kind of thing only. So, we don't know from where we will get the nomination work, but this may continue. We are not aware. And nor we have been informed, but there is a possibility that the nomination not from the Ministry of Railways, but somewhere else we can get. This is number one.

Number two, we have started bidding only 16, 17 months back, and then we have already participated in bids worth more than 70,000 crores. If you add the train sets, then it will become 1,25,000 crores. So, within a small span of around 17, 18 months, the company has changed the model. So, you will have to appreciate that we are ready to face the crisis and take the measure to mitigate those kind of prices. We have, in fact, converted the crisis into opportunities.

Earlier our client was one that was the Ministry of Railways. Now today, we are having different clients. We have opened all kinds of segments, verticals. There is a diversification in the execution. So, things are happening in a positive direction for RVNL.

**Moderator:** Thank you. As there are no further questions, we now conclude this call. On behalf of Rail Vikas Nigam Limited, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.