

RVNL/SECY/STEX/2022

18th November, 2022

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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 15.11.2022 regarding intimation of the Audio Recording of Conference Call with Investor/Analyst/Institutions. The Transcript of the said Concall (held on 14.11.2022) is enclosed herewith and is also available on Company's website at www.rvnl.org.

Path: RVNL Website > <https://rvnl.org/investor> > Investor > Board Meetings, Board Committees & General Disclosure > 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 Earnings Conference Call”

November 14, 2022



**MANAGEMENT: MR. RAJESH PRASAD – DIRECTOR (OPERATIONS),
RAIL VIKAS NIGAM LIMITED
MR. SANJEEB KUMAR – DIRECTOR (FINANCE), RAIL
VIKAS NIGAM LIMITED**

Moderator: Ladies and Gentlemen, Good day and welcome to the Rail Vikas Nigam Limited Earnings Conference call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions later in the conference. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ and then ‘0’ on your touchtone phone. Please also note that this conference is being recorded. I now hand it over to Mr. Vishal Periwal. Thank you and over to you, Sir.

Vishal Periwal: Thanks Chris and Good afternoon everyone and good afternoon to RVNL management and first of all thanks to the management for giving us this opportunity to host their Quarter 2 FY23 Earnings Call. From the management team we have with us Mr. Rajesh Prasad ji – Director (Operations), RVNL, Mr. Sanjeeb Kumar ji – Director (Finance), RVNL. As usual we will have a brief comment from the management on the gone by quarter and then we will open the lines for Q&A. Yes, Sir, Over to you.

Rajesh Prasad: So, if you see the performance of this particular company we had a turnover of 19,381 crores in FY21-22 this is excluding GST and for the first time we had crossed the mark of 1,000 crores in PAT that is the profit after tax and we had done the commissioning to the extent of 1,020 for the first time we cross the 1,000 route kilometers. So, what I wanted to say is that FY21-22 we had all-time high in physical as well as financial performance and then we have started FY22-23 in a very big manner. In first quarter we had a jump of turnover by 20% and then in Q2 this jump has again by 21% with respect to the turnover of Q2 of FY21-22. The profit after tax also increase from 551 crores to 750 odd crores that is an increase of 37%. The PAT also increase from 433 to 580 crore and then the commissioning the physical part I always connect both are linked.

So, physically the commissioning part has increased and this year we have commission more than 488 kilometers and last year it was around 250 kilometers. Now, if you see the gross margin by turnover the ratio in first quarter in FY21-22 was 5.49% which has increased to 5.9%. So, there is an increase in the gross margin also.

Now, if we want to highlight a few things which has happened in last three months or so:

First thing is that CARE had done the rating exercised and they have rated RVNL AAA with outlook stable so this is number one. Number two the administrative ministry that is ministry of railway has approved RVNL to Navratna status. You must be aware that we are having the Mini Ratna status since September 2013 then for the first time we are in the process of getting an overseas assignment of more than 1,500 crores.

We are going to increase our footprint in the metro construction in Chennai and Surat. For the first time we have bagged two orders for about 500 crores for development of some canal in Ahmedabad. We are already working in the HAM model, NHIDCL model and I am also happy to announce that we have participated in expression interest of a project by Exim Bank for construction of 10 kilometers of metro in Mauritius and we have been shortlisted in that. So,

overall we have started bidding in the market and we have participated in more than 40,000 crores of project and we have backed or have become L1 in projects worth 8,200 crores plus. So, what I wanted to say you is that in terms of physical performance, in terms of financial performance there is an upward trend and see the key strength of this particular company has been the flexibility and the focused approach. We are flexible that is why we could change our mode from assignment to the market and then we have started bidding in the market, we open the BD cell that is the business development cell, procurement cell, we opened the legal cell then we have tried to strengthen the design cell.

So, a lot of activities have taken place and we have signed large number of MoU in the past and see this particular company is basically under Ministry of Railways and we are fully committed to the vision of the Honorable Prime Minister and Honorable Railway Minister and the parents we are the children. So, parents want their children to stand independently and grow and today being the Children Day I must say that the soul of our company is healed by remaining happy and patient and that is why you see us always smiling and performing.

So, thank you very much and we are open for the questions and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question is from Ranodeep Sen MAS Capital. Please go ahead.

Ranodeep Sen: Sir, in FY22 as you rightly said we had seen a physical construction of 1,020 kilometers of railway line, so will we seeing in FY23 that number being overtaken in the backdrop that as on date we are at 488 kilometers?

Rajesh Prasad: We had commissioned 1,020 kilometers to be precise enough and till date we have commission more than 488 kilometers and last year up to this period it was around 250 kilometers or 260 kilometers. So, if you compare with respect to the previous financial year yes we are on the upward trend this year we should cross this 1,000 kilometer again, but subsequently there could be a downward trend because we are getting the assignments from the market which are not the typical railway project, but this financial FY22-23 we are definitely going to touch this 1,020 kilometers we must exceed that.

Ranodeep Sen: My next question sir was on the I think you mentioned about some huge opportunity in the Kyrgyzstan railway project worth 20,000 crores, sir can you throw some light on that project?

Rajesh Prasad: See RVNL had earlier signed an MoU with government of Kyrgyzstan and basically we have identified four number of such projects and this is about 1,000 kilometers and first project is around 225 kilometers, second project is 180 kilometers and there is a ring railway and then some reconstruction of the existing track. So, all together there are four projects and we are working on this and total length of the project is 1,000 kilometers and costing again the DPR etcetera has been prepared it is around 20,000 crores and in time to come we can see that this

project is moving and we are happy to again announce that this project will be on nomination basis. So, this is again a very plus point and we will have the footprint overseas.

Moderator: Thank you. The next question is from Jimit Tanna Voyager Capital. Please go ahead.

Jimit Tanna: So, I wanted to ask about the update on Char Dham project because as per previous quarter MOR was yet to sanction the project, so can you shed light on that?

Rajesh Prasad: See the role and responsibility in Char Dham project given to RVNL was for the preparation of the feasibility, studies and the DPR which we have already done. The project is yet to be sanctioned, the ministry is yet to decide through what basis and through what procedure they would like to get it executed, but since we have got a expertise and experience of undertaking the project in the hilly terrain we are confident that whatever maybe the model we will be one of the players who will be considering very actively and executing this project this is number one. Number two we are executing this Karnaprayag-Rishikesh project. This is a 125-kilometer-long project out of which more than 100 kilometers is tunnel and the longest tunnel is 15 Km that particular project we are going to conclude and commission by December 2024 and Char Dham project, the Kedarnath and Badrinath they all will be extended from this particular line. So, already you can understand that some part work has started in form of some other projects. We have got the expertise of working in the hilly terrain and since we have also prepared the DPR and we are involved right from the beginning. We are comfortable in executing the project only thing is that the Ministry of Railway has to sanction the project and then they will have to decide how they will execute it.

Jimit Tanna: So, one more question so you have been declared a successful bidder in international project in Maldives for the development of UTF Harbor what kind of margins can we expect from this project?

Rajesh Prasad: So, first let me explain about this particular project what is the background and how we have got it. The Ministry of Railway stopped giving the projects on a nomination basis then we approached Ministry of Railways for a request to be made from their side to Ministry of External Affairs and in December 2021 Ministry of Railway issued an office memorandum we call it OM and strongly recommended RVNL stating that the rating of this company is excellent for the last 11 years. It is number one PSU for the year 2019-20, it is contributing more than 35% and they advise Ministry of External Affairs that whenever there is a query or you want to execute any project of importance you should consider RVNL. So, then they called expression of interest and then we qualified in this COI then subsequently based on the QCBS project we have become the L1 bidder. The name of the project is the development of UTF Harbour Line project. UTF basically stands for Uthuru Thilafalhu Island. It is about 15 kilometers from Male. See in Maldives there are about 1,200 number of Island out of which 186 Islands are developed. This Island is about 150 or maybe 100 meter which is required to be developed to 15 hectares. This is a project which will be used by the MNF that is the Maldives National Force and the scope basically comprises of the Marine works buildings, infrastructure, equipment and the project is

to be completed in two years. It is a very challenging project and some of the figures which if I tell then you can understand and visualize the dredging is required to be made to the extent of 14 lakh MQ then the huge construction material the requirement of cement is more than 42,000 metric ton, steel 15,000 metric ton and RVNL for the first time shall be executing project overseas and that also a mega project. Now, coming back to your question about the margin see our first interest was to grab one project basically we want to make footprint in the overseas project and that to non-railway project. We are getting success in that, we have kept adequate margin, but since altogether it is a new kind of project, new area new challenges would be there. So, at this moment we are not sure how much margin we will be getting, but we are 100% sure that it will bring us to the next level and we will certainly earn some good margins from the project.

- Jimit Tanna:** Congratulation on a Navratna status?
- Rajesh Prasad:** Navratna I will again explain this has been administratively approved by Ministry of Railways. The proposal is with the department of public enterprises. They are working on this and then once it is declared and once it is considered and approved then it will be notified.
- Moderator:** Thank you very much. The next question is Hardik Jain of Whitestone Financial Advisors. Please go ahead.
- Hardik Jain:** Sir you have mentioned that we have already bagged 8,200 crores of orders in first half is it right?
- Rajesh Prasad:** Yeah what I have said is that till date we have participated in bidding for about 40,000 crores plus out of which we have bagged or we have become L1 to the extent of 4,000 crores.
- Hardik Jain:** 4,000 or 8,000?
- Rajesh Prasad:** Sorry 8,000 crore. 4,000 crore figure was Q1 after this Q2 it has become 8,200 crores plus.
- Hardik Jain:** In your results in the foot note you have mentioned that we are waving some charges for KRCL, so in this Krishnapatnam Railway Company has said that we have entitled for departmental charges of 5% of total cost work and we have received representation from KRCL for waiver of this charges, so if we wave this charges what amount will have to be reversed from the receivable that we have already booked?
- Rajesh Prasad:** We have not calculated that but see basically the model the revenue stream of Ministry of Railway they have let down certain revenue stream and then as per the construction agreement we are having different kind of models for the different SPV. So, most of the SPVs are basically representing and then we have asked that any of the model which is basically convenient to you whether it is a Ministry of Railway model to RVNL or any other SPV then we can consider that. So, earlier they had made a proposal that the 5% departmental charges in addition to the other

charges it should not be considered. So, we have not been charging that and it is a matter to be discussed by the board of directors and then accordingly we will communicate.

Hardik Jain: And what is the outstanding amount due from KRCL as of today sir?

Rajesh Prasad: The figure is available with me it is approximately 809 crores is the construction cost and then 611 is the interest so it becomes 1,421 crores.

Hardik Jain: And if we decide to reverse any of this charges so out of this 1,400 crore some amount will be reversed and that will hit our P&L also, right?

Sanjeeb Kumar: So far they have not billed for this 5%.

Hardik Jain: Ok, we have not already billed for it so we will not bill it so it is not going to impact the numbers?

Sanjeeb Kumar: Yes, it will not impact the numbers.

Hardik Jain: Sir when I see in the balance sheet sir our current liabilities have reduced from 4,500 crore to 1,000 crores and simultaneously our cash and bank balance put together has been reduced from 6,700 to 2,600 crore so basically the advances that we would have received from our customers would be consumed for the project, so what is the payment status right now, should we expect fresh advances for the projects that we have in our hand because current liabilities have come down from 4,500 to 1,000 now?

Sanjeeb Kumar: No, there will be no further advances because we followed the reimbursement system. So, at the beginning of the year we had some advance, but there will be no further advances till this year.

Hardik Jain: So current liabilities you mean to say we will remain at this level and even the cash and bank balance will remain at what level it is?

Sanjeeb Kumar: Almost this level.

Moderator: Thank you. The next question is from Deepak Mehta from Bank of India Mutual Fund. Please go ahead.

Deepak Mehta: My question is regarding the shift in the Indian railways ordering process from nomination basis to tender basis, how will competitive intensity changed from both private as well as public players and how will our margins plan out from here on?

Rajesh Prasad: Just try to be slightly louder because the last part we could not hear from you.

Deepak Mehta: So, with the shift from nomination basis to tendering basis, how will competitive intensity changed from both private as well as public players and how will our margin get impacted due to this?

Rajesh Prasad:

So, first part is the nomination to the bidding. See this railway infrastructure projects are complicated, complex and it requires a lot of integration and interface. RVNL has been pioneer in this. We had executed more than 120 projects for the Ministry of Railways and we were involved right from the concept to commissioning what we call it the full project lifecycle. We were very confident and we have delivered more than 35% of the railway infrastructure project. So, what I wanted to tell you is that the contribution of RVNL were tremendous in developing the railway infrastructures in the country. Now, there is a shift and there is a shift by Ministry of Railways that they are not going to give us a nomination they will be calling this, but at the same time there is also a shift in RVNL approach we have gone into the market and we have decided that we will not remain limited to the Ministry of Railways. We are basically trying business in NHAI road sector, HAM model then the marine works, overseas project, metro construction. However, basically we are creating a large number of verticals in all kinds of infrastructures we are working. So, what I wanted to tell you is that since now it is going to be a mix basket and the margin of course will change and with the passage of time there is a likelihood that the margin will increase. As I said in the beginning that we are not only in the process of opening the bidding cell that is the business development cell, but also the procurements cell by having the procurement cell we can increase the margins of basically procurement of material like steel and cement then we wanted to have a legal cell, we wanted to strengthened the design cell just to tackle the EPC contract and EPC tender. So, there is a shift yes there is no doubt about it and some astonishing figures are coming like 8,200 crores which I am mentioning out of 8,200 crores the railway projects are only of about 500 crores and rest are either metro or the road sector or the overseas marine works or some other kind of and municipality in Ahmadabad. So, things are changing in both the fronts and we are pretty sure see the Ministry of Railway is having a huge plan if you have gone through the National Rail Plan what they are planning to have is that by the year 2030 they want to have all kinds of infrastructures in place to cater the demand of 2050. See the model share of railway is around 26%, 27% and by the year 2050 they want to make it 45%. The reason for this is that we will have the greener and then safer and then environmental friendly transportation system and it will lead to the growth of the country. So, overall what I wanted to conclude is that the margin is again going to change with the passage of having some experience it will increase and regarding the Ministry of Railways project we are very keen because we have got the expertise of execution of the railway project only in the past. So, we want to remain associated with the railway project. We will participate in the railway projects, but we do not know how many projects we will get regarding the competition with the private players. See the private players requires a lot of technical expertise which I do not think the private players are having, it requires a lot of interface. If you are commissioning a double line, then it is to be integrated with the existing yard and without closing the operations. So, the projects are complicated and complex we have got the expertise and private players whether they will get success, they will not get success only the change will change, but we are confident that in time to come we will have sufficient number of orders in railway sector as well as in non-railway sector and with the passage of time and with the kind of experience we gain we are going to have margins available.

- Deepak Mehta:** Just one more question what will be our approximate market share in the line of work which we are doing for example in double lining what will be our market share in Indian railways?
- Rajesh Prasad:** See we have got an order book of around 55,000 crores and out of 55,000 crores if you see the double line figure will be around maybe around 20% to 25%. The new line will be around 55%, the metro projects will be around 12% turnkey projects and the gauge conversion and the railway electrification basically scope in the sales have gone down because the railway electrification is getting over in next one year time, gauge conversion is mostly completed and the turnkey project since we are not getting on the nomination basis we have already completed 15 works so this is the breakup of the 55,000 or 50,000 crore plus which we are having from the Ministry of Railways and this is the breakup of basically projects in terms of the double line, new line MTP, turnkey projects, gauge conversion and railway electrification.
- Deepak Mehta:** Sir my question was slightly different what will be our market share in the Indian railways CAPEX for example if Rs. 100 is spent on double gauging then how much is done by us?
- Rajesh Prasad:** See till FY21-22 and maybe in FY22-23 we will be basically doing a contribution of 35% in terms of commissioning and may be slightly more in terms of CAPEX in these particular infra projects, but FY22-23 or maybe after FY23-24 things will change because we have to compete in railways to get the projects number one and we will not remain limited to only the Indian railways we will be executing so many projects in some many other sectors with so many verticals and even overseas.
- Moderator:** Thank you. The next question is from Ash Shah of Elara Capital. Please go ahead.
- Ash Shah:** So, can you just give me the order book position as of Q2 FY23 exact point if you can?
- Rajesh Prasad:** See I said we have got the three kinds of models. One model is the project which has been given on nomination basis by Ministry of Railways or by some other government so this will be around 50,000 crores and in FY22-23 we have got zero, but again we have signed an MoU with Government of Kyrgyzstan and their we are expecting an order of 20,000 crores in time to come. We have got the second model that is bidding from the market till date we are having 8,000 crores of new work, new projects which we have backed from the market. We are eyeing another 6,000 to 7,000 crores by March 2022 and SPV model the third model is the SPV model where we have got around 1,000 crores during this FY22-23 and we are expecting an order of another 3,000 crores in the SPV model. So, if you see the orders at the end of FY22-23 after having the turnover the order book will remain same around 55,000 crores plus and if we get the order from the Kazakhstan then it will become much more than that and see the target of RVNL is to have 1 lakh crores of orders all the time. If you are having a turnover of 20,000 crores plus so we want to maintain basically order book of 1 lakh crore and in time to come we should be able to achieve that.

Ash Shah: And second question would be would you maintain your FY23 guidance of 15% to 20% revenue growth and the 21,000 crore plus revenue and bottom line of 1,100 crore plus?

Rajesh Prasad: Yeah in FY22-23 we are going to achieve this and the numbers are astonishing as I said. If you see the number of Q2 we had a turnover of 9,500 plus crores and last year it was 7,890 crores. So, there is an increase of 21% I am talking about the top line. Last year we had a turnover of 19,381 crores without GST. If you add GST then it will become around 21,500 or 22,000 crores. So, the way things are moving see we are up by 21% the financial turnover. So, in time to come we are certainly going to basically surpass the turnover of 19,381 crores. So, the top line of 21,000 crore plus looks an easy task and in terms of the physical delivery we are much ahead of the performance basically we had the performance in FY21-22 so we are again going to commission or achieve the performance of FY21-22 in FY22-23. In terms of the physical as well as in terms of the financial we are going to have all time high.

Ash Shah: And last question would be could you just give us some update on the Krishnapatnam JV arbitration which was I think it was going to come in CY22 any of that and that how much monthly payments are we receiving from them particular JV?

Rajesh Prasad: So, let me explain it like this that first of all the Krishnapatnam the project was a sanction project of Ministry of Railways in PPP model and whatever money we have spent was for the purpose of project execution. We roughly had a 2,400 crores out of which we have received a 1,600 crore. Now, the trade receivable which we are talking somebody asked in the beginning is 809 crores plus 611 crores interest so 1,420 crores. So, if you see the performance of this particular company this has made a turnaround in terms of the traffic and there is an increase of traffic by 71% and you tried to understand and appreciate that it is the all-time high and for the first time we have started making profit and we have commissioned two more stations that is Brahmanapalli and Velikallu these were required in order to have more and more traffic in Krishnapatnam. We are also constructing a bypass line that is also likely to be commissioned in December 2022. So, if you see the earning part there is a substantial increase in the earning of KRCL we were in loss in first 6 months in FY21-22 which has now become a profit. So, if you see the financial figures KRCL increased from minus 36 crores to plus 23 crores and RVNL share increase from minus 18 crores to plus 12 crores. So, what I wanted to tell you is that there is a continuous increase in the traffic in KRCL and regarding the payment, regarding the arbitration part yes I will tell you some of the dates in connection with the arbitration. See the arbitration proceedings started on 24th January 2020 and the pleading completed in January 2022. As per the arbitration proceedings and act the amendment it is required to be completed in one-year time, one year after completion of the pleading, but in between what happened is that because of the COVID and its impact a grace period has been given from 25th March 2022 to 28 February 2022. So, as such officially the proceedings and award should be over by 28 February. They have already conducted the cross examination of the claimants and the respondent's cross examinations are also over. Ministry of Railway had filed few applications

which are being basically resolved and the main hearing will start and we are hopeful that by this time lying in FY22-23 we should get the judgment.

Ash Shah: And could you just give the amount I mean how much is for the arbitration how much have we filed for it?

Rajesh Prasad: How much you want to know the money spending with the arbitration.

Ash Shah: No not for the money spending the money that we will receive if the arbitration is in our favor, how much money will be basically from KRCL?

Rajesh Prasad: We will be getting straightaway that 809 crores which has been spent in the project along with the interest because it is a money which has been used in the project implementation and one more thing which I wanted to tell all the investors that this particular company has already resulted into 14,000 crores plus of revenue for Ministry of Railways without any additional investment and when the project was in the execution stage it used to be discussed in the Pragati portal there was a lot of stress to commission the project and the project has been completed and commissioned 100% overall interest of the country also.

Moderator: Thank you very much. The next question is Shubham Shukla of Voyager Capital. Please go ahead.

Shubham Shukla: Let me first quote public relation finance advisor what he said in investor call June 2022 around 2,500 to 3,000 crores is a real estate cash balance required for this business. Right now, as on Q2 2022 this year it is expanding around 3,600 crore, is it allowing that cash in hand is heading towards downwards, are we expecting the new challenge in a short period of time maintaining the minimum required balance?

Sanjeeb Kumar: No, we have the minimum required balance we keep getting our system is such that we work for the railways and every month we get the reimbursements so cash balances are not allowed.

Shubham Shukla: So, I have one more question so how revenue from execution work to segregate it like which segment in execution work brings a most benefit to the firm?

Rajesh Prasad: Your voice is not at all clear to me you please tell again.

Shubham Shukla: How revenue from execution work is segregated which segments in execution works bring most business to the firm

Sanjeeb Kumar: Actually our revenue model as you must be aware is on the railway work that we get we have a management fee system that is for the total execution of the projects which gets around 8.5% management fee. So, irrespective of whether we do new line or doubling or gauge conversion

this will be in the range of 8.5 to 8.75 and national projects would be 9.25%. So, our profitability would not go up and down depending on what kind of work we are executing.

Shubham Shukla: Sir I wanted to ask you like which segment in execution work has done most business which brings business to the firm like this has a highest weightage in the business?

Rajesh Prasad: Justify if I have understood correctly you are asking that which segment will have more challenges or which segment will more profit this is the basically the aim of your questions.

Shubham Shukla: Which segments bring most orders bring more in the cost?

Rajesh Prasad: See our expertise have been the railway sector and the metro sector only and in time to come we would like to concentrate on this, but in order to expand our business we thought to bid in the road sector the consultancy tender, consultancy works and also the marine works and then we also thought that we should enter into the water ways, we are trying to basically make footage have the footprints in all kinds of segment and in time to come you can see that yes things are happening The marine work in Maldives which we discussed is just an example of that.

Moderator: Thank you very much. The next question is from Riken Gopani of Capri Global. Please go ahead.

Riken Gopani: Sir, I have two questions the first question being for whatever bidding has happened you said you have bid for 40,000 crores worth of projects in the first 6 months if you can help understand what is it that what is the proportion of railways orders in this and whether let us say it is similar kind of orders were bid last year, what was our market share and whether we have been able to maintain the market share even at the competitive bidding space with railways itself?

Rajesh Prasad: We started bidding about a year back maybe slightly more than that and the 40,000 crores plus is the cumulative figure. So, maybe some will be in the previous financial year, but more than 90% will be during this financial year FY22-23 we have got the basically orders or we have become L1 that is around 8,200 crores so that makes around 20% of the strike rate. Coming back to your question that what is the percentage of the railway segment we want to remain connected with the Ministry of Railways, we want to remain very active executor, railway infrastructure executor, but unfortunately we have out of 8,200 crores it is 500 crores only project which is railway project and that too it is in the North East frontier railway for construction of tunnel. See we have got the expertise in the tunnels we are executing the longest tunnel in Rishikesh-Karnaprayag so that is the tunnel project which we have backed from the market for the North East Frontier Railway. So, the percentage out of 8,200 crores the railway part is only around 500 crores.

Riken Gopani: So, just one clarification here is it because railways has not ordered as much during the first half which is causing this or there has been a lot of private companies which have won orders because of which our number is lower this year from railways?

Rajesh Prasad: It would be slightly difficult to answer the point, but what I will say is that Ministry of Railway has got huge plan for the station redevelopment they have got 200 stations. Recently they have sanctioned 10,000 crores for 3 number of stations development. Similarly in the double line gauge conversion there is plenty of works are coming up and we are actively thinking to participate in some of the tenders in the contracts and in time to come you will also see that we get large number of orders from Ministry of Railways also, but at this moment yeah we have got only around only one project costing around 500 crores, but in time to come you will see that the figures are changing and maybe we will have more orders from Ministry of Railways.

Riken Gopani: And just one question related to that given the inflow which we are having from non railways and the outlook for railways ordering also for the going forward period we have seen a very strong compounding growth that our company has delivered over the last 5 years, 7 years do you see your growth rates at least maintaining those kind of historical bids or how do you expect FY24 and beyond for the next three years or so in terms of growth outlook for the revenue?

Rajesh Prasad: See presently we are having a growth rate of 25%. Now, if you see the turnover of the last three years FY19-20 which was 14,530 crores I am talking about the turnover and 2021 was affected by the COVID wave 1 21-22 was again affected by wave 2 and these two financial years we had the economic slowdown, but we exceeded all the physical performance and the financial targets in FY2021 then again we surpass in FY21-21. So, this generated confidence that during the COVID year when the period when the entire world was struggling and we could achieve our target then we could survive, we could sustain and we can maintain the growth rate. So, let us first see the FY22-23. FY22-23 we are certainly going to cross this 21,000 crore plus mark. So, the growth rate of 20%, 25% we will maintain. Regarding this 23-24 the way we have been working, the way we are now getting the orders from the market may be it can go down or it can go up, but efforts will be there to maintain the same kind of growth rate and as I said in the beginning that we are eyeing for an order of 1 lakh crore. The idea behind having the order of 1 lakh crores all the time is to maintain this growth rate and we are pretty confident that in time to come we will be having this kind of growth rate to be continued and we will remain pioneer in building all kinds of infrastructures in the country.

Moderator: Thank you sir. The next question is from Prithvi Raj of Unifi Capital. Please go ahead.

Prithvi Raj: Sir, I just have one question see thing now is the company has been focusing on a domestic markets and now the focus seems to be on the international markets see what kind of project level risk that you expect in international market and how are we equipped to manage this risk?

Rajesh Prasad: Last question you please tell me again?

Prithvi Raj: So, how are the position to manage some country level risk in these international projects?

Rajesh Prasad: See for the international project our focus was to remain confined to the railway infrastructure, metro and some project of importance by the Exim Bank or Ministry of External Affairs. So, we

have got the expertise of the railway infrastructure. So, if we are getting the projects in the railway infrastructure there will not be a problem. Second is the metro we are executing metro projects in Kolkata, Indore we are likely to get the orders from Chennai and Surat and then we have also undertaken MTP projects in Hyderabad. So, with the kind of exposure and expertise which we are having we are also very confident in the metro projects and in the expression of interest called by Exim Bank for the Mauritius metro we have been shortlisted so that is the plus point. So, the railway infrastructure, the metro construction overseas we are comfortable then the third segment is the MEA or Exim Bank projects in Maldives we are getting one project costing more than 1,500 crore. See our strength has been the project management skill and we have got a pool of around 800 plus 1,000 contractual engineers and we have got Pan India presence. We have got exposure of all kinds of project, we are involved in the full project life cycle right from the concept to the preparation of DPR, design, execution and then defect liability. So, we are pretty confident that in time to come we will have the international projects executed in a very professional manner, we are in touch with so many other government departments overseas and as I said in the beginning and office memorandum was issued in December 2021 by Ministry of Railways to Ministry of External Affairs and that they recommended that whenever there is a project they should be strongly consider us. So, everything is moving in the direction which we want to have and for the international project we wanted to have the footprint which we are getting and we will make sure that these projects are completed with the full satisfaction we want to showcase that Ministry of External Affairs or to the Government of India that we are really very professional and we will definitely complete and we will meet the expectation of such government agencies.

Prithvi Raj: Sir just a follow up on this just as you said there is any delay in the international project, will there be any impact for our balance sheet?

Rajesh Prasad: Yeah this may impact see in the beginning we may not have that kind of margin, but at the end may be after gaining some experience will margins will increase. See as I said in the beginning that we are in the process of opening a procurement cell. The procurement cell will basically procure the material whether it is cement, steel, whether it is India or the overseas. So, whenever you are executing the project if you control this procurement part then you are having slightly improved margins available then large number of EPC contracts are now being awarded. The beauty of this EPC is that we can do the value addition in the design part and the kind of expertise and exposure which we have got we will definitely do the value additions thereby saving in the project. So, what I wanted to tell you that we have got the exposure, we have got the expertise and we can always do the value addition and we can always have the margins available in time to come.

Moderator: Thank you. Our next question is from Venkatesh Subramanian for LogicTree Investment Advisers Private Limited. Please go ahead.

Venkatesh Subramanian: Sir, most of the questions are answered, but just a little bit of clarity on just two things one is you mentioned about the Kyrgyzstan order I think it is like a pioneering order for you, what is

the value that you mentioned an second question is you said that at any point of time you would like to have a significant order book in the range of 1 lakh crore plus aim for a 20% CAGR growth over the next few years. So, the current 55,000 crore orders when it is completed you are basically aiming to keep replenishing the order at the range of 20,000 to 25,000 crores every year to keep the score board ticking, is my understanding right?

Rajesh Prasad:

So, let me first explain you asked about Kyrgyzstan. See we had signed an MoU about a year back and there were four projects which were identified and the total number of kilometers involved in those projects was around 1,000 kilometer, costing around in terms of Indian rupees 20,000 crores. We have to get the DPR and before projects basically I do not remember the names of the projects. One project was of 225-kilometer, second project was 180 kilometer and the third project was for some ring railway and the fourth project was reconstruction. So, if you see and this will again impact RVNL in a very big manner because it is somehow like a nomination work only so this is about Kazakhstan. Now, regarding basically order book see what I had said is that we have got order of about 55,000 crore plus. We are getting orders from the market, we will get some orders from the SPV also. So, what we want to have is that at all times we should have a 1 lakh crore in order to have the same kind of growth rate. So, this is the idea behind having this 1 lakh crore order all the times and see it is very difficult to change the model earlier we were in a CAPEX arm or executing arm of Ministry of Railways contributing more than 35% of the railway infrastructure I think one year time we have changed our model. The key strength of RVNL has always been I always keep on saying that the proven track record which imparts confidence is number one. Number two we have got a very focused approach. Number three flexibility and it is this flexible approach that we have changed from one model to another model. We have not only survived; we have not only exceeded the targets physical and financial during the COVID years and the period when the economy was slowdown. So, these were the reasons because of which we survived and we excelled 19-20 it was number one in the country not amongst the railways, all the PSUs it was number one. So, we are eyeing for best these are the targets which we are setting for ourselves and if we achieve this 1 lakh crore of this order book we are very confident that in time to come we will have the same kind of growth rate and see I will tell something about one more project. There is a company called NHLML that is the National Highways Logistics Management Limited. It is a subsidiary of the National NHAI. They are suppose to make the Multi Modal Logistics Path that is we call MMLP. These are the world class logistics aggregation and the disaggregation points and they have identified 35 locations and for this the project is specific, SPVs are required to be made and the role of RVNL will be participation in the SPV, participation in design, planning, DPR, feasibility and the track execution path. Two days back you must have seen a news item where the Reliance to develop a Multi Model Logistics Park as being the highest leaders. This will be for 45 years for managing, operating and the maintaining this logistic path. This is near Coimbatore in Chennai, the total length is about 10.4 kilometers, project cost is 1,423 crores and in that particular SPV the total equity will be around 600 crores and RVNL share will be 26%. So, what I want to tell you is this is another model where in time you will see the footprints of RVNL spreading all over the country at 35 locations.

Moderator: Thank you. Ladies and gentlemen due to the paucity of time we will only be able to take two more questions the next question is Hardik Jain from Whitestone Financial Advisors Private Limited. Please go ahead.

Hardik Jain: If you can share us of various SPVs, what is the profitability for the 6 months and what is the amount of investment RVNL has in equity and debt in various SPVs?

Rajesh Prasad: I do not have all the figures, but briefly I will tell you that the equity participation varies from 30% to 50%. It cannot be more than 50%, it cannot be less than 26% as per the policy guidelines issued in December 2012. In Kutch Railway we have got a share of 50%, in KRCL 49.76%, in ASRL 32.70%, in BDRCL it is 35.46%, in HPRCL 30%. We have already commissioned four number of SPV, fifth SPV ASRL it is again a matter of price that we are going to commission in FY22-23 it will be a game change in transportation in Odisha and East Coast Railway, what exactly we will be doing is that it will improve the transportation of coal from Talcher area to Sukinda and Basavani. Iron ore from Basavani to Angul and Sukinda and then minerals from the Dhamra port to Kalinganagar. So, what I am saying is that this is one of the challenging thing which is happening. Yesterday one of the station which is basically connecting station in East Coast Railway Baghuapalli was commissioned. So, this SPVs are working. Now coming back to basically the performance in the first 6 months see in FY21-22 we have an improvement of around 20% in Kutch Rail, KRCL and BDRCL, but in FY22-23 in first 6 months there was an improvement of 103% in BDRCL, the total number of rakes in first 7 months 50321023, Krishnapatnam it increased from 1,800 to 3,090 rakes increase of 71% and there was an all time high of 543 racks in July 22 and as I said we have commissioned two more stations as per the requirement of South Central Railway these SPVs are performing exceedingly well and if you see the performance in terms of the loading and in terms of the earning the increase in the KRCL is around 86% in terms of the million terms and a portion earning maybe around 100% and if you see the KRCL last financial year there was a loss of 36 crore and in first 6 months it is now profit of 23.5 crores. So, the profit of RVNL is approximately since we have got a pair of 46.76 it is around 12 crores. Similarly, BDRCL there was a turnaround we had a loss of 0.5 crore which has resulted into 39 crores of profit and in RVNL share it is now 14 crores profit. So, what I wanted to tell you is that if you see the performance of the SPVs overall there is a remarkable improvement in FY22-23 with respect to FY21-22.

Moderator: Thank you. The last question is from Sahaj he is an Individual Investor. Please go ahead.

Sahaj: Sir, I had one question when I am seeing standalone and consolidated figures I see the revenues and expenses are same, but we get the share from JV, so it maybe some accounting concept anywhere?

Sanjeeb Kumar: In consolidated we have JV in which we are not it is not a subsidiary we have up to 50% or less as a share. So, there the only take our portion of their profits.

Moderator: Thank you very much.

Rajesh Prasad: Very good evening and close this because I have got another Investors meet and if you are having any other question then you can mail it to the Company Secretary and then we will see what best we can do and then we will also send the answer.

Moderator: Thank you very much sir. Ladies and gentlemen that then concludes today's conference call and on behalf of Rail Vikas Nigam Limited that concludes this conference. Thank you for joining us and you may now disconnect the lines.