

Rail Vikas Nigam Ltd: Good Issue

**IPO Note : A Miniratna company with consistent growth and healthy order book position
: Ranking*****



रेल विकास निगम लिमिटेड
(भारत सरकार का उपक्रम)

Rail Vikas Nigam Limited

(A Government of India Enterprises)

Issue details

Price band (Rs)	Rs.17-19
IPO Opening Date	29/03/19
IPO Closing Date	03/04/19
Issue Size	Rs. 482 Cr.

Recommendation

Total revenue grew at a CAGR of 33.74% from Rs.3269.78 Cr for the FY15 to Rs.7822.29 Cr for the FY18. Net profit after tax grew from Rs.336.84 Cr. for the FY15 to Rs.569.92 crore for the FY18. In the last three years net profit grew at a CAGR of 19.16% from FY15 to FY16. For the first six months of current fiscal it has reported net profit of Rs. 253.62 cr. on a turnover of Rs.3770.40 cr. If we annualize this and attribute to the equity (that remains same at Rs. 2085.02 cr. post IPO due to offer for sale) then the asking price is at a P/E of 7.85. IRCON International is the only listed peer which trades at 7.63 PE. The company is offering a discount of Rs. 0.50 per share to retail as well as eligible employees. Hence the issue seems reasonably priced. **Company has been reporting consistent growth in top and bottom line. Investors may consider investment for short to long term.**

Highlights

- A Miniratna PSU under MoR
- MoR has transferred 179 projects to the company of which 174 projects are sanctioned for execution. Out of these, 72 projects have been fully completed totalling to Rs.205,672.80 million and the balance are ongoing.
- The company has an order book of Rs.77504.28 crores as on December 31, 2018 which includes 102 ongoing projects.
- Company has been reporting consistent growth in top and bottom line.
- A discount of Rs. 0.50 per share to retail as well as eligible employees

Company Introduction

Rail Vikas Nigam Ltd is a wholly owned government company, a Miniratna (Category – I) Schedule ‘A’ Central Public Sector Enterprise, incorporated by the Ministry of Railways (“MoR”) under the Companies Act, 1956 on January 24, 2003, as a project executing agency working for and on behalf of MoR. It was incorporated with the objective to undertake rail project development, mobilization of financial resources and implementation of rail projects pertaining to strengthening of golden quadrilateral and port connectivity and raising of extra-budgetary resources for project execution. The role of the Company for mobilization of finances is restricted to forming of projects specific SPVs with private participation. The Company is in the business of executing all types of railway projects including new lines, doubling, gauge conversion, railway electrification, metro projects, workshops, major bridges, construction of cable stayed bridges, institution buildings etc.

Since inception in 2003, MoR has transferred 179 projects to the company of which 174 projects are sanctioned for



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www.rvnl.org

Financial Summary (Rs. In Crore)

Particulars	Six month ended Sep. 2019	FY2018	FY2017	FY2016
Total Income	3770.4	7822.29	6162.87	4720.29
Net Profit	253.62	569.92	443.46	429.43
EPS (Rs)	1.21*	2.73	2.12	2.05

* EPS not annualized

Source: RHP and ACE Equity

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

execution. Out of these, 72 projects have been fully completed totalling to Rs.205,672.80 million and the balance are ongoing. The company has an order book of Rs.775,042.80 million as on December 31, 2018 which includes 102 ongoing projects. During the financial year ending March 31, 2018, it had completed a total of 885.50 rkm of project length which included 315.20 rkm of doubling and 425 rkm of railway electrification.

Company Promoters:

The Promoter of the company is the President of India, acting through the Ministry of Railways, Govt. of India. The Promoter currently holds 89.85% of the pre-offer paid-up Equity Share Capital of the Company.

The object of the issue

- To carry out the disinvestment of Equity Shares by the Selling Shareholder in the Company constituting 25.10% of our Company's pre-Offer paid up Equity Share capital; and
- To achieve the benefits of listing the Equity Shares on the Stock Exchanges.

Issue Proceed

For listing gains and diluting stake of Govt. of India, Rail Vikas Nigam is coming out with a maiden IPO of 25.35 crore shares of Rs.10 each by way of offer for sale via book building route with a price band of Rs.17 Rs.19 to mobilize Rs. 430.87 cr. to Rs. 481.56 cr. (based on lower and upper price bands). Issue opens for subscription on 29.03.19 and will close on 03.04.19. It has reserved 6.57 lakh equity shares for eligible employees and out of rest, equity shares with allocation of 50% to QIBs, 15 % for HNIs and 35% for retail investors. Minimum application is to be made for 780 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. These beings offer for sale, it's paid up equity remains same at Rs. 2085.02 crore post issue.

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