



“Rail Vikas Nigam Limited 17th Annual General Meeting”

December 16, 2020



MANAGEMENT:

MR. PRADEEP GAUR – CHAIRMAN AND MANAGING DIRECTOR, RAIL VIKAS NIGAM LIMITED

MR. AJAY KUMAR – DIRECTOR PERSONNEL

MR. RAJESH PRASAD – DIRECTOR (OPERATIONS)

MR. SANJEEB KUMAR – DIRECTOR (FINANCE) AND CHIEF FINANCIAL OFFICER

MR. VINAY SINGH – DIRECTOR (PROJECTS)

MR. VINAY SRIVASTAVA – GOVERNMENT NOMINEE DIRECTOR, RAILWAY BOARD

MR. DHANANJAYA SINGH – GOVERNMENT NOMINEE DIRECTOR, RAILWAY BOARD

DR. LVM REDDY – INDEPENDENT DIRECTOR AND CHAIRMAN NOMINATION & REMUNERATION COMMITTEE

MAJOR GENERAL (RETD.) CYRUS A. PITHAWALLA – INDEPENDENT DIRECTOR AND CHAIRMAN AUDIT COMMITTEE

DR. ANIL KUMAR – INDEPENDENT DIRECTOR

MRS. KALPANA DUBEY – COMPANY SECRETARY

Moderator: Dear shareholders, good morning and warm welcome to you all to the 17th Annual General Meeting of Rail Vikas Nigam Limited through video conferencing or other audio visual facility. As a reminder, for this mode conduct of the meeting, the members will be in the mute mode. The audio and video will be open when they speak at the AGM as per the pre-registration. Please note that as per the requirements, the proceedings of the Annual General Meeting will be recorded and available on the website of the Company. The statutory registers required to be there during the AGM for inspection are available on the NSDL website. I now hand over the proceedings to Mr. Pradeep Gaur, Chairman and Managing Director of Rail Vikas Nigam Limited. Over to you, sir.

Pradeep Gaur: Thank you very much. Good morning, dear members. Hope you are all safe and healthy. Due to COVID-19 concerns, social distancing norms, the meeting is being held through video conferencing, which is in compliance with the Companies Act 2013, read when notifications and guidelines issued by Ministry of Corporate Affairs and Securities & Exchange Board of India. As the requisite quorum is present, I declare the meeting as validly convened.

Let me now introduce the members. Mr. Ajay Kumar – Director Personnel may acknowledge. Mr. Rajesh Prasad – Director (Operations); Mr. Sanjeeb Kumar – Director (Finance) and CFO; Mr. Vinay Singh – Director (Projects); Mr. Vinay Srivastava – Government Nominee Director from Railway Board. Mr. Dhananjaya Singh – Government Nominee Director from Railway Board. Dr. LVM Reddy – Independent Director. Mr. Reddy is also Chairman Nomination & Remuneration Committee, he is from Bangalore. Major General (Retd.) Cyrus A. Pithawalla – Independent Director and Chairman Audit Committee, he is from Nasik. Dr. Anil Kumar – Independent Director, he has joined from Patna. Mrs. Kalpana Dubey – Company Secretary. And the Representative of Statutory Auditors and Secretarial Auditors are also attending the meeting.

Moderator: Thank you so much. We now request the Chairman to address the members.

Pradeep Gaur: It gives me immense pleasure to present you the 17th Annual Report of your Company. The audited accounts of the Company for the financial year 2019-2020, along with the Director's Report, and reports of Auditors and Comments of Comptroller and Auditor General of India have already been circulated.

As we are all aware, your Company was established with a mandate of fast track implementation of railway infrastructure projects, working for and on behalf of Ministry of Railways as an executing agency. The contribution of RVNL to the building of rail infrastructure in the country is amply demonstrated by the presence of company in 38 project implementation units established at 25 locations across the length and breadth of the country. RVNL is executive projects in all the zonal railways and 19 states of the country.

I will come to financial performance. In 2019-2020, RVNL increased its expenditure on the project execution from Rs. 10,060.07 crores to Rs. 14,530.58 crores, which excludes the element

of Rs. Rs. 1,743.67 crores as GST. This reflects an increase of 44.44%. While the turnover from projects of the ministry increased to Rs. 13,136.13 crores from Rs. 8,454.91 crores in the previous year, the turnover from works undertaken from SPVs and other deposit works reduced to Rs. 1,394.45 crores during 2019-2020, in comparison to Rs. 1,605.16 crores in the previous year. Profit before tax increased from Rs. 758.31 crores in 2018-2019, to Rs. 990.84 crores in 2019-2020. And profit after tax of the Company is at Rs. 789.86 crores, showing an increase of 30.21% over the previous year.

In view of the improved financial performance, and in line with the directions of Department of Public Enterprises, and the Ministry for payment of dividend, the Directors of your Company have recommended payment of the highest ever final dividend of Rs. 236.96 crores for 2019-2020 to the Ministry of Railways, compared to Rs. 186.94 crores in the previous year. As a result, the effective management fee of RVNL gets reduced from an average of 8.5% to 6.88%. With the payment of final dividend, the cumulative amount paid as dividend to the ministry stands at Rs. 1012 crores. Furthermore, I would like to mention that the statutory auditors have not given any qualification or remarks in the Auditor's Report. Comments of Comptroller and Auditor General of India and management reply there to have been circulated to the shareholders.

Now I will come to physical performance. During the year, with a focus of the Ministry on commissioning of the projects, I am happy to inform the shareholders that your Company made 1,111.14 kilometer of projects ready as compared to 733 kilometers in 2018-2019, implying an increase of 51.59%. Out of this, 76.04 kilometer of new line, 60.46 kilometer of gauge conversion, 507.77 kilometers of doubling, and 23.87 kilometer of MTP Plan Head were commission. And another 45 kilometer doubling was inspected by Commissioner of Railway Safety, which could not be open due to announcement of lockdown from 25th March, 2020.

In comparison to completing a total of 999.94 kilometer of project length in 2018-2019, RVNL completed 1,959.83 kilometers in 2019-2020, implying an increase of 95.99%. This included 551.02 kilometer of doubling, 95.54 kilometer of new line, 105.41 kilometer of gauge conversion and 1,207.86 kilometer of railway electrification. In addition, railway electrification of 355.88 kilometer was also carried out in other specific railway electrification projects as a part of doubling. During the year, two important port connectivity projects, that is Haridaspur-Paradeep new line for connecting Paradeep port with Howrah-Chennai Rail line at Haridaspur and Obulavaripalli- Krishnapatnam New Line project for connecting Krishnapatnam port through rail link were completed.

The Company has also contributed substantially to the commissioning of railway electrification projects during the year. In 2019-2020, RVNL commissioned 713.79 kilometer of pure railway electrification works on important routes, and 204.08 kilometer of railway electrification was commissioned with doubling. In addition, 816 kilometer of sections were made ready, which could not be commissioned due to lockdown on account of COVID-19. The 1,733.87 kilometer of electrified sections were made ready as against 1,323 kilometer in 2018-2019.

In 2019-2020, RVNL executed 191 numbers of non-interlocking of stations for commissioning of works, which is the highest till date. This included commissioning of 84 new electronic interlocking and 9 new panel interlocking, and alterations in existing 35 electronic interlocking, 57 existing panel interlocking stations and six mechanical signaling stations of fourth line, third line and doubling projects/90 stations on railway electrification projects. Interlocking of 25 midsection level crossing gates and 56 IBS auto signals. The company has also been able to successfully commission telecom works involving laying of optical fiber cables, and six cord cables for a total of 1,300 kilometers.

Progress is also being made on the new hill rail projects assigned to RVNL, that is the Rishikesh-Karnaprayag section in Uttarakhand and Bhanupali-Bilaspur-Beri section in Himachal Pradesh. In the past few years, RVNL has shown its capability for planning and delivering of state of the art railway workshops and augmentation of capacity of production units. Up to 2018-2019, RVNL had successfully completed seven projects. And in 2019-2020, work was completed on Vadlapudi-Wagon PoH Workshop of 200 numbers capacity near Duvvada Station. At present, two workshop projects are under an advanced stage of progress.

The projects relating to extension of Kolkata Metro got delayed due to various issues, such as non-acquisition of land, awaiting various clearances and removal of hindrances by the local authorities. I am happy to report that with the proactive involvement of the Ministry of Railways, and state government, the projects have now been given the required push. And the commissioning of lines will commence from 2020-2021 onwards.

Coming to Special Purpose Vehicles. RVNL has taken the lead for establishing six joint venture special purpose vehicles in partnership with various stakeholders including ports mines, state governments, etc. for implementation of rail connectivity project. RVNL has contributed an equity of only Rs. 983.80 crores, against which projects worth Rs. 8,483.89 crores are being implemented, with contribution of equity by the project partners and raising of funds through financial institutions.

The project works of Kutch Railway Company Limited, Bharuch Dahej Railway Company Limited, Krishnapatnam Railway Company Limited, and Haridaspur-Paradeep Railway Company Limited have been completed and are under operations. These SPVs are contributing substantially to the total revenues of the railways.

In Krishnapatnam Railway, the work on the section between Venkatachalam and Obulavaripali has been completed in June 2019. This section has two tunnels with a length of 7.7 kilometer, which were completed in 2018-2019 in a record time of 25 months. The issue of release of due amount from railways is under resolution. Doubling of 247 kilometer of Kutch railway line between Palanpur and Samakhiali which is being funded completely by the SPV at an estimated cost of Rs. 2,538 crores has been taken up by RVNL on behalf of the SPV. And the work is proceeding satisfactory. Electrification of this line at an estimated cost of Rs. 655 crores is also in progress.

In Haridaspur-Paradeep Railway Company Limited, work on 82 kilometer new line has been completed and operation of goods train has been started. The physical work on Angul-Sukinda New Line project is also in progress.

Human Resource Development. The primary focus of RVNL management has been to not only attract highly motivated, skilled and experienced manpower, but also retain them by facilitating a right environment, competitive perks and ample opportunities for a better career progression through training and support. It is worth mentioning that all the above milestones have been realized with an on-roll staff strength of only 585 regular personnel, which include 202 regular employees and 383 deputations.

Corporate Social Responsibility. RVNL is conscious of its corporate social responsibility. During 2019-2020, the Company spent Rs. 19.43 crores, approximately 3.2% of the average net profit of last three financial years on CSR initiatives, compared to Rs. 11.48 crores in the previous year, which also include Rs. 5 crores to Prime Minister Relief Fund for COVID-19. The main focus of the Company is in the areas of education, health and sanitation, with implementation of CSR projects by Ramakrishna Mission, TERI, Sulabh International, etc.

MOU Performance. It is with a great deal of satisfaction that I can report to the shareholders, based on the overall performance your company has been rated as excellent by Department of Public Enterprises for the financial year 2018-2019 for the ninth consecutive year. The grading achieved by your Company was second highest among the Railway CPSEs. RVNL got 97.18 out of 100 marks.

Corporate Governance. RVNL maintains a robust system of checks and balances to ensure that the authority of decision making is exercised with due care and responsibility to meet the aspirations of shareholders and the society. Your company complies meticulously with all legal requirements and government guidelines regarding corporate governance. A report on corporate governance and management discussion and analysis forms part of the Annual Report.

Acknowledgments. In the end, I would like to mention that all the achievements of RVNL would not have been possible without the support provided by the zonal railways. I am also grateful for the encouragement and confidence reposed in RVNL by the Chairman and members of the Railway Board and other officers, that helped RVNL in contributing substantially to the development of rail infrastructure in the country.

I express my sincere thanks to our esteemed shareholders, Ministry of Railways, Ministry of Finance, Department of Public Enterprises, Ministry of Heavy Industries, the state governments, zonal railways, ADB, IRFC, financial institutions, CAG Office, our bankers and stakeholders in various railway projects, and national and international contractors for their unstinted cooperation to RVNL. I would also like to place on record my deep appreciation for the devotion and dedication of all my fellow RVNL employees who have been pillars of strength for the Company and have delivered their best despite various difficulties and obstacles. Thank you.

Moderator: Thank you so much, Chairman. I now request Mrs. Kalpana Dubey, Company Secretary, to continue with the resolutions. Over to you.

Kalpana Dubey: Thank you. I will just go one by one. Notice along with the Board's Report and Auditor's Report, including C&AG report have already been sent to the members. I take them as read. Now I will explain the objective and implication of each item of Notice.

Ordinary Business. Item #1 relates to adoption of Audited Financial Statements, the Report of the Board and Auditors thereon, including C&AG comments by the members of the Company. After your approval, the same will be taken on record.

Item #2 relates to declare final dividend at the rate of Rs. 1.14 per equity share for the financial year 2019-2020.

Item #3, to appoint a director in place of Shri Pradeep Gaur, DIN - 07243986, who retires by rotation and being eligible, offers himself for reappointment. After your approval, he will be reappointed.

Item #4 relates to appoint a director in place of Shri Ajay Kumar, DIN - 08249293, who retires by rotation and being eligible, offers himself for reappointment. After your approval, he will be reappointed.

Item #5 relates to authorize the Board of Directors of the Company to fix the remuneration of the Statutory Auditors for the financial year 2020-2021.

Special Business Items. Item #6 relates to appointment of Shri Vinay Srivastava, DIN - 08638850, ED (PSU) Railway Board as part-time Government Nominee Director on the Board of the Company, who was appointed as an Additional Director by the Board of Directors with effect from 20 December, 2019, to hold office up to the date of this AGM. And who has also consented to act as a Director.

Item #7 relates to appointment Shri Rajesh Prasad, DIN - 08585975, as Director (Operations) of the Company, who was appointed as an Additional Director by the Board of Directors with effect from 3rd March, 2020, to hold office up to the date of this AGM, and who has consented to act as a Director.

Item #8 relates to appointment of Shri Sanjeeb Kumar, DIN - 03383641, as Director (Finance) of the Company, who was appointed as an Additional Director by the Board of Directors with effect from 6th May, 2020, to hold office up to the date of this AGM, and who has consented to act as a Director.

All items 1 to 8 of the notice have been voted by the members through remote e-voting from December 13 to December 15, 2020. The members present at the meeting who have not done remote e-voting can now cast their vote using e-voting platform of NSDL.

M/s AKU & Associates will act as the Scrutinizer for the voting process. Statutory Auditors have not given any qualification remarks in their Auditor's Report, except emphasis of matter. C&AG comments along with the reply have been circulated to the shareholders on 11th December, 2020. Further, there are no qualifications and remarks in the Secretary Auditor's Report.

Now we will begin with a question and answer session. The numbers of registered speakers are five, all other shareholders are requested to send their queries to email, the Company shall revert through email. Thank you.

Moderator: Thank you so much, ma'am. Now we request Mr. Pradeep Gaur, Chairman and Managing Director to take the questions from the speaker members who have registered in advance. We will unmute the member and request them to limit their questions up to three minutes. Give me a moment while I bring the speaker shareholders online.

Moderator: We have the next question from Mr. RP Pandey. Sir, you will please go ahead.

RP Pandey: Sir, namaskar. I am Ravi Prakash Pandey. Sir, I wanted to know that which projects can RVNL expect to get in the future? With that I also wanted to know that what kind of projects will RVNL be focused on for the future.

Pradeep Gaur: You had two questions, I will take the second question first, what is the planning of RVNL to dive into international field. So, regarding this I want to say that RVNL has a very ambitious plan to enter the international market. And for that, the 100% owned subsidiary that RVNL has, HSRC Infra Services, we are utilizing this company as a bidding vertical of RVNL that will even bid for international projects. We have planned a full roadmap for it and we are very confident key it will be a very successful venture.

Secondly you talked about new projects. So, RVNL is executing a very exciting basket of projects, in which doublings are there, gauge conversions are there, new lines are there, workshops are there, and challenging hill railways are there, metros are there. Challenging hill railway like Rishikesh - Karnaprayag, Bhanupali-Bilaspur, and other institutions are there. So because of these projects RVNL has tremendously developed its technical and managerial expertise. So everyone recognizes this, Ministry of Railways also recognizes this, general market also realizes this. So we are hopeful that based on this RVNL will be able to get a lot of projects not only from Ministry of Railways, based on its technical capability we are trying to get into national market in other fields also and international market through HSRFC. And we are hoping we will get many projects we are fully confident about it.

Secondly, notwithstanding this we have created SPV route, like you saw in the Annual Report that RVNL has a very good expertise on SPVs, so in this field we are working very proactively and we have already established two, three SPVs, one is Sardega - Pelma, another is Pachhawara coal block rail connectivity, and another one is connectivity of Tata Steel in Kalinganagar. And one SPV which is dormant, like Dighi-Roha, we are taking very proactive steps to revive it as well. So I see a very bright future for new projects in multifarious fields. Thank you so much.

Moderator: Thank you, sir. We have the next question from Mr. Sunil Kumar. Sir, you may please go ahead.

Sunil Kumar: Good morning, sir. Sir, my question is, as RVNL has competitors in the service sector, so why don't we expand our business, what is our business expansion plan like companies like RITES, IRCON, NVCC?

Pradeep Gaur: You are talking about real-estate or general?

Sunil Kumar: Yes, the companies like IRCON, RITES.

Pradeep Gaur: We do not have any plan to go into real-estate, because the expertise that we have is in railways, and different type infrastructures in railways only. So we will exploit only this technical capability that we have. And if you go back to my answer to the first question, that will be our roadmap to cover this.

Sunil Kumar: So sir, what is your international plan?

Pradeep Gaur: Yes, I just spoke about our international plan. The HSRC Infra Services which is there, we have already laid a roadmap for it and we will be very actively participating in both national and international projects. And I am very confident that it will be very successful. Thank you.

Moderator: Sir, we have the next question from Mr. Lokesh Gupta. Sir, you may please go ahead.

Lokesh Gupta: Sir, I am Lokesh Gupta from Delhi. Sir, I had many queries, half of which have already been solved in the excellent Chairman speech. Sir, I just wanted a little bit of information, what is our current order book and how many orders will we be able to execute in the current financial year? Secondly, for the executable orders, the government says Vocal for Local, how much is this effecting our cost? And sir, our secretarial department, sir, this is first time that we are hosting this AGM on this platform, the secretarial department has helped us very well for any queries that we had, I really thank them for that. And I hope that next year AGM will be physical, but I leave it up to you to decide on which platform it is to be done. But whenever you will keep it, whichever method, we will always be there with you. Thank you, sir.

Pradeep Gaur: Thank you so much. This time the order book is around Rs. 75,000 crores. And we plan a turnover of Rs. 16,000 crores to Rs. 17,000 crores for this year. So this is the information for the question that you have asked. As far as Vocal for Local, it is very clear, in that almost 99% of

material that goes in the railway projects, it is indigenously itself, materials are produced in India, manpower, everything is local only. So in that regards, all the projects that are of Ministry of Railways, they are already Vocal for Local. I have a colleague Mr. Rajesh Prasad, Director (Operations), he would like to add something.

Rajesh Prasad:

You might have seen a news item recently, four to five months back. In the whole country, in about 52 cities metro works is going on. But metro that is being made in Kolkata by RVNL, the hardened rails that are being used is completely indigenous. It has been manufactured in India and that is first of its kind. Similarly, metro has KFC gates that used to be imported from China or other countries, but now all the KFC gates have been manufactured in India and all of them have been installed as well. In Vardhaman we had made a cable-stay bridge, in that the cables which were used, mostly the cables are imported for cable-stay bridges, but in this particular case there is a company Usha Martin in Ranchi, it was manufactured there. Though the technology was of France, but manufacturing was done in India which was as per the policy guideline of Aatmanirbhar Bharat was followed. Then we have made a track for some metros in which the entirety of design, drawing, everything is indigenous, the whole system is indigenous. So we are proactively promoting the Make in India policy. Thank you.

Moderator:

Thank you so much. We have the next question from Mr. Parimal Mithani. Sir, you may please go ahead.

Parimal Mithani:

Sir, thanks for the opportunity. I have a couple of questions. I would like to know the current order book as of date and the execution timeline of the order book. And if you can tell us any new orders that you are going to bag in the current year, I mean, major orders from the Ministry of Railway? The second question pertains to the competitive bidding which the circular is from the Ministry of Railway on 20th of December, competition among three rail PSUs which are listed currently, can you just explain how it will benefit us once the landscape and how is the bidding. So can you tell us the nitty-gritties of it, if it's possible? Secondly on Page #224 of the Annual Report, regarding associates and joint venture, you highlighted net worth attributed to shareholders. Is it that net worth attributed to RVNL which is Rs. 4,000 crores or it is divided among the JVs, if you can explain that point of view, it will be very crucial. The point fifth is, sir, railway has given you the executing agency for signal and interlocking circuit station for 50 routes. What is the opportunity size if you can help us to know? And since we are the only agency, how does it benefit us in terms of revenue and profitable rights?

And sir, you have a lot of these SPVs which connect with a port connectivity and recently the government has given a focus on usage of domestic coal. And if my understanding is correct, most of SPV comes from imported coal. What do you see going ahead since the world is moving from fossil fuels to solar and wind energy and or what is the outlook going ahead? And sir, regarding the receivables, your Krishnapatnam and some state governments and zonal authorities, if you can highlight how the receivables have been for the six months and what is the way ahead in terms of receivables of Krishnapatnam port, which is close to Rs. 1,200 crores, including Rs. 800 crores of project execution and Rs. 310 crores of interest?

And sir, the last question that I have is, you pay dividend to the shareholders, which is out of the PAT of the Company. But you account it as a management fee, which is deducted reporting wise. So why is that case? Does it limit us in giving higher dividend? And if you can highlight on the high-speed rail corridor, how does it benefit us and what's the contract amount? How will it benefit in terms of orders and all that, because it's related to all the Dedicated Freight Corridors and important highways. That's my query, if you can answer them. And thanks for the opportunity.

Pradeep Gaur:

Thank you so much. We will try to answer all your queries. By chance if anything misses, that also we will convey to you in a proper form. So, as far as order book is concerned, as of now, our order book stands at around Rs. 75,000 crores. So, based on like this year, we are going to spend around Rs. 16,000 crores to Rs. 17,000 crores. So, our expectation is that all the order book, whatever projects we are having, most of the projects will get commissioned within the next two to three years. Except for two hill railway projects, because they will be slightly time consuming, they may go up to 2024-2025.

Parimal Mithani:

This was Rishikesh which is there, right?

Pradeep Gaur:

Rishikesh and Karnaprayag, and Bhanupali and Bilaspur, it is given there. So, basically, all other projects we will be completing in next two to three years, because we are ramping up our expenditure and turnover continuously and we are we are confident. Now, coming to your next point, you raised the issue about competition among railway PSUs. So, it is a good development, RVNL is for competition because competition enhances efficiency. That is the main factor. RVNL feels that this competition is one thing, but railway projects they are highly technically complex and RVNL has got huge managerial and technical capability which takes preponderance. So, I am sure, even with this competition on railway PSUs, RVNL will get a special consideration from Ministry of Railways for assigning challenging projects and projects which has to be executed on fast track manner because of its proven expertise in execution of all these projects. So I am very confident that there is competition, yes, we have to be competitive. But in addition, because of the special execution prowess of RVNL, we are confident that the Ministry of Railways will have special consideration for us in assigning projects.

Parimal Mithani:

Sir, sorry to disturb you. Among competition from three PSUs, what is the opportunity size for a project site and how the division of projects will happen? Because you have RITES, you have IRCON and RVNL. And RVNL has given the focus mandate by the government for executing the rail infrastructure in India. And I understand the importance that Ministry of Railway has given you. But if you can just give an example, how it will help us in going ahead among this competition?

Pradeep Gaur:

This competition will help us to remove any of our, I mean, it will help us to shape up more and to be more efficient and increase our technical capability, so that it will make us stand out compared to others in execution as well as the cost of execution, avoid time and cost overruns, and with the minimum manpower. So that is the focus RVNL is having. So, when we are

following these three key principles of fast delivery with minimum use of manpower, and once the timely delivery is done, cost overrun automatically gets controlled. So, we are focusing that RVNL should reach into a space where it gets stand out and all these issue so that even with the competition we are ahead of competition.

Parimal Mithani: Okay sir, thank you.

Pradeep Gaur: Regarding net worth, I will request our Director of Finance, Mr. Sanjeev Kumar to answer on that.

Sanjeev Kumar: On page 223, the net worth is of the RVNL portion of the net worth in the joint venture. We have different ownership, so this is the RVNL portion of the net worth.

Parimal Mithani: Sir, that is Rs. 4,000 crores put together, if I am correct?

Sanjeev Kumar: RVNL will be around Rs. 1,000 crores. The Rs. 4,000 crores is the highest net worth of RVNL, and the equity investment is around Rs. 1,000 crores.

Parimal Mithani: No, sir, I just want to get a clarification on that. On page 224, which you said, net worth attributable to shareholding as per the latest audited balance sheet, there is Rs. 1,600 crores of Kutch Railway is attributable to RVNL or it is attributable to the entire Kutch Railway, sir? Because we have 50% stake there.

Sanjeev Kumar: Yes, we have 50% stake. So, this is the entire Kutch Railway.

Parimal Mithani: So I should take 50% of that, right, for my consideration?

Sanjeev Kumar: Yes, 50% of that. And Mr. Rajesh Prasad, our Director (Operations) wants to add something on whatever I have mentioned.

Rajesh Prasad: Mr. Parimal, good afternoon. As I understand that there was a question which basically comprises of three sub-questions, you said about the traffic on the SPVs...

Pradeep Gaur: No, let it be, when it will come to it, I will answer. Now, coming to your query on signaling issues that RVNL has been delegated. Approval of logic circuits and interface diagram up to 50 routes. So, it is a acknowledgement by Ministry of technical prowess of RVNL in field of signal and telecom engineering. Because this is a highly sensitive issue which directly affects the safety of the train operation. So, Ministry of Railways has recognized that RVNL has reached that stage that we can depend on that for approval of circuits, which till now was a complete prerogative and was in complete control of Department, that is Ministry of Railways' zonal units. So, I take it as a very positive development that Ministry of Railways have considered RVNL to even approve the most sensitive part of the train operation, that is logic and interface circuit. And very soon this will get upgraded from stations up to 50 routes to even station up to 100 routes. And because whatever we have done, Ministry of Railways is very satisfied with that. And now

coming to the advantage of it, it helps to deliver projects faster. So, it will make RVNL to stand out as far as signaling and telecom is concerned, that it will need less approvals from Ministry and it will be able to approve these diagrams which will help to expedite commissioning of the projects.

Parimal Mithani:

But how will it help us in terms of management fee or how does it work from this?

Pradeep Gaur:

It has nothing to do with management fees or search. See, these plans or these documents were being prepared by us only, these were being approved by railways. Now what is happening, these have been delegated to RVNL to approve themselves. So the time taken by the Ministry of Railways in approval of these plans get cut short. So, basically a kindly see like that, whatever plans I am making, I have been delegated to approve it myself. So, it may not have any bearing on this thing.

Now coming to SPVs, regarding the domestic coal. Now I will request my colleague, Director Operation, Mr. Rajesh Prasad to comment on that.

Rajesh Prasad:

So, Mr. Parimal, basically your question comprises of three parts, the first part was about the traffic. So, I just wanted to tell you that the traffic during this pandemic has really been good despite of the adverse conditions. I will cite one or two examples, like the Kutch Rail Company Limited, we had the loading of basically number of rakes handled in the month of October 2020 was 1,807 rakes, which is the highest figure in the history of Kutch Rail Company Limited. And it generated a revenue to the extent of Rs. 462 crores for Ministry of Railways, and SPV share was Rs. 78 crores. Similarly, we had commissioned this Haridaspur-Paradeep and the train operation is started in the month of July. And I am happy to inform that in the month of November, we had 425 number of rakes, loaded, and 29 number of empty rakes transported to these SPV line, which is again just in three months of commissioning we have moved so much of traffic and it has generated a lot of revenue. So, we are very, very hopeful that in time to come the traffic will go up in the various SPVs and for that we are working.

The next question you said about the coal versus the solar panel, etc. So, we are working models for the solar panels in some of the SPV lines, and we have selected BDRCL and Krishnapatnam Rail Company Limited for use of solar panels to save the energy and to use the green energy concept.

Regarding the Krishnapatnam, I just wanted to inform you that on 31st August, 2019, the entire section was commissioned and open for traffic by the Excellency Vice President on 31st August. And now the entire section has been put in use. The rating of Krishnapatnam Company has been changed from BBB- to BBB. And we have taken over the operation and maintenance of the entire section. We are now doing the entire maintenance of this particular section which will reduce the cost and we have started imparting the training to the technical staff also for the Krishnapatnam. And for the Krishnapatnam line, we had traffic about 200-plus rakes in a month, which is about to have the breakeven point. So, we are hopeful that in time to come we will have

more traffic and we will be able to sustain. And whatever problems etc. is there with the Krishnapatnam Rail Company Limited shall be resolved. Thank you.

Parimal Mithani: Sir, in terms of receivables for the project execution cost of 800 and the interest, about that, sir?

Rajesh Prasad: Regarding the outstanding?

Parimal Mithani: Yes.

Rajesh Prasad: Yes, there is an outstanding of Rs. 858 crores. We are having some issues with the ministries which we are trying to resolve. And once it is resolved then we have got certain dues which we are expecting from the Ministry of Railways.

Parimal Mithani: Sir, in current year that would be or it will take time, sir?

Rajesh Prasad: It should not take much of time, it is under process only. And hopefully by the end of the financial year something good should happen to this company.

Parimal Mithani: Sir my question regarding traffic, I understand you are gaining traffic right now, but my point was, the government is spending on coal, thermal.

Rajesh Prasad: So, I will again cite the example, the Kutch Rail Company Limited which had the traffic of 1,807 rakes in the month of October 2020. Now, if you see the breakup of this 1,807 rakes, then the container was 1,064 and the coal was 95 only. So, yes, it will have some kind of bearings, but overall bearings, yes, we will have to work out on this.

Pradeep Gaur: I will just add to what Mr. Rajesh Prasad has said. So, I will tell, I will cite the example of Krishnapatnam Rail Company Limited. See, this whole SPV was based on projected iron ore earnings. At some stage, just after commissioning of this line, the export of iron ore was banned. But in spite of that the traffic continues to grow. And because the economy is changing so fast, the dynamics of demand, supply, everything is changing so fast. See, more than the SPV the port authorities are so dynamic, they are trying to capture different markets and going for substitute to wherever there is any lag, a lot of marketing is being done. Now, in spite of no iron ore traffic on Krishnapatnam, the whole variety of new traffic has been generated and the projected million tonnes what was to move on this line continues to be higher than what was projected even with iron ore. So, I am sure not only the SPVs, the port authorities who have done huge investment in the port, they are actively working on it, they are going for substitute market by active marketing. So, I am confident. And our traffic on the route is quite substantially dependent on the port only. So, in fact, our investment is a miniscule part of the port, what they have invested in the port. So, a lot of dynamics are changing, but I am sure the way dynamics are changing, most of the calculations may not hold, but then new things will develop which will be more friendly towards the investment what we have done.

- Parimal Mithani:** And sir, last thing regarding the dividend which you mentioned.
- Pradeep Gaur:** I will request Mr. Sanjeev Kumar – our Director (Finance).
- Sanjeev Kumar:** What was the question? This was the guarding the management fee?
- Parimal Mithani:** Yes. So you consider dividend as a part of the management, you deducted that from the management fee. You get a management fee, if I understand, from contracts is 8.5% for projects that you execute, and you give a dividend. So, you cut that dividend from that. So does that limit our dividend?
- Sanjeev Kumar:** No, by reducing our cost the profitability goes up, and overall the dividend is based on our overall profits. And that will include revenues from SPV and others also, other businesses, the HSRC which will come up in the coming years.
- Parimal Mithani:** Sir, my question is, you have two competitors, IRCON and RITES, they have a dividend payout of close to between 40% to 50%. They get same on nomination basis the projects from Ministry of Railways. But they do not account dividend as a part of a management fee. Is that mandated by the government or it's like the RVNL internal workings which makes it so?
- Sanjeev Kumar:** I will just answer it. One thing, minimum dividend is mandated by the government, by Department of Public Enterprises. It is I think 30% of the profit or 5% of the net worth, whichever is higher. So that is the minimum what we have to pay. As far as your issue is concerned about whether being part of the management fees, whether it will restrict us to pay more dividend and your comparison with IRCON and RITES. So there is a basic difference in the character of working of RVNL and IRCON and RITES. Because IRCON and RITES, they are basically the contracting arm of Ministry of Railways and they are hugely diversified. They are getting lot of their business from different fields, including highways and other fields, including international exposure they are having. So, basically they were established long back, somewhere in 70s and they are the contracting arm of Indian Railways. RVNL was established as an executing arm. So, there is a basic difference between the two. And as far as you say it is excluding the management fee, but I am sure as far as a railway projects is concerned, we have to check on that, that whether they are exhausting...
- Parimal Mithani:** Sir, you are mentioning as a management fee, which is, I don't know, maybe they may be doing it, I don't know.
- Sanjeev Kumar:** They are also getting management fees, same 8.5% of this thing. I am not sure whether dividend they are adjusting. But as far as RVNL is concerned, we are deducting it from our management fees, whatever is payable to us. To that extent, our maneuverability in the management fees gets reduced in fact. So we have to be even more competitive so that we have to take into account dividend also going out of our management fees.

- Pradeep Gaur:** And last your issue was about HSRC Infra Services. So we are actively having a roadmap to this as a bidding vertical for RVNL. So we are going for bidding for projects, both within the country and internationally. And this we have laid a roadmap for this to be our contracting arm. And I am sure we will be very successful in that. But this is a fledgling venture for us. So some baby steps have been taken. And I am sure we'll be on a very firm ground very soon.
- Parimal Mithani:** Sir, thanks for all the answers. I have just one request, sir. If you can organize a six-monthly con-call for investors or some sort of update, it will be much better for the investor community.
- Pradeep Gaur:** Yes, absolutely. It's a excellent idea and I promise that we will do it.
- Moderator:** Thank you so much. We have the next question from Mr. Naveen Kumar. Sir, you may please go ahead.
- Naveen Kumar:** Good afternoon, sir. I am Naveen Kumar. My question is, what is the impact of COVID-19 on RVNL projects during 2020-2021? And will it affect the financial and physical performance during 2021? And what measures are you taking to prevent COVID-19 impact on RVNL?
- Pradeep Gaur:** Thank you. As far as COVID is concerned, it is an unexpected calamity, not only for us it is for the complete nation and complete world. So, RVNL was also impacted by it, because we could not work to our capacity, particularly in the good working months from mid of March right up to June, July. And after that also we were, I mean, the effect of COVID continues and it was there. But RVNL took some extraordinary measures during this period to take on this adversity. And we took it as a challenge that we have to fight it out. So, some of the out of box steps what RVNL took was, as far as the project execution is concerned, because a lot of labour and other personnel of various agencies and they got stuck up because they could not move because on 25th March all modes of transportation stopped and most of these labour, they were from particular states, and they were working throughout the country, they got suffered. So RVNL took responsibility that even if the labour belongs to contractor or anybody, if the contractor is not able to manage because of any reason, RVNL will take care of all the requirements of their stay and their food and everything. Then, even before Government of India took some policy decisions, RVNL on its own took policy decisions to ease the cash flow of the executing agencies so that the adverse impact of COVID on them can be slightly reduced. So a lot of relief measures were given to the agencies, a lot of the cash flow. Then in order to now once the labour was struck up, they could not have remained idle, so they were keen to work and they were keen to work and earn some money also. So, as the situation slightly eased, we made a lot of protocols for the work to start. And I can say that the lot of pride that RVNL was one of the organization where the work on the project sites started quite early. And these were basically due to these measures. And when the work was started, we laid down very strict protocols, the protocols for transportation, protocols for stay, protocols for work site, sanitization, isolation, and all the measures. So because of these measures, these measures were on the project site.

As far as RVNL is concerned, it's working, we converted this adversity into opportunity. And e-office was introduced in RVNL, which led to the administrative work going without any effect. We went to the extent of doing tender committee proceedings on VC, policy guidelines were laid so that no tender should get effected because of the COVID situation because people were not able to move. So many tenders, in fact, I can say with pride that none of the tenders got delayed and all the tenders were finalized on VC and by interaction on VC. And this was permitted as a policy guideline. And even if anybody was quarantined or anything, we introduced a policy that the person will continue to be paid, all of our outsourced staff or anything, that there will be no cut on the salary. And even if some people were affected by COVID and they did not have means to take care of their medical bills, so RVNL took upon it to pay for the medical bills have its staff, outsourced staff, even if they were not regular employees. So, with the kind of actions taken by RVNL to overcome this, I can say with, again a lot of pride again that we have kept our physical as well as the financial targets for the year much, much higher than the previous year. Like in case of completion of projects, we have kept it around 3500 kilometers as against 1900 kilometer last year, even the turnover we have kept it around Rs. 16,000 crores as against Rs. 14,500 crores, we may go up to even Rs. 17,000 crores, depending on the funds availability and all these things. So, not only we have tried to reduce the effect of COVID we have tried to go for a lot of innovations so that it is not allowed to affect us.

I will request Mr. Rajesh Prasad, our Director (Operations) to also supplement on this.

Rajesh Prasad:

As CMD sir said that we switched over to e-office even for the finalization of the tenders, I will cite two examples. The tender report of Joka Depot and some other tenders, they were finalized in 19 days and 22 days, which itself is a record from the date of submission of the bid. It is a two packet system and the complete tendering process was completed in 190 days' time, which was a record in RVNL also. And it has to be appreciated because finalization of a tender of Rs. 350 crores in 19 days or 22 days is not a simple work. And it is only because of the COVID we took the opportunity of doing all those things online, pre-bid conference, waiting a briefing note, notes, everything was done online. And it saved the money also, time also. So this was number one.

Then we released the proportionate bank guarantees as per the directive of the Ministry of Finance. The recovery of the mobilization advance was deferred. We introduced the condition of the stage payment in case of supply of materials. And when we had the severe lockdowns, then we introduced the concept of the payment even without checking in the month of April, May, June when we had severe lockdown in different parts of the country. Then we relaxed the submission of the bid security in physical form from five days to 30 days. Then we had the system of the concept of comfort later to the supplier, that also worked very well. And then, in place of the bank guarantees we introduced the concept of the FDR. And in place of the bank guarantees which has become slightly difficult during this tiring time, we introduced the concept of the indemnity bond. And we had a strong system of amicable settlement committees to resolve the disputes. Thank you.

Moderator: Thank you so much. Now, I request Company Secretary to continue further. Thank you.

Kalpana Dubey: Thank you. The e-voting will remain open for 15 minutes after the closure of this meeting to enable those of the members who have not casted their votes earlier and would like to cast their votes. On receipt of the report of this Scrutinizers, the result of the voting will be declared on the RVNL's website. On behalf of the Board of Directors, I would like to express a vote of thanks to all the shareholders who have attended the 17th Annual General Meeting of RVNL. Thank you so much. With this, I and all the directors will take leave. We will leave this meeting and wish the shareholders to be safe and healthy. Thank you so much.

Moderator: Thank you so much, Madam. The members who have not cast their vote can still cast their vote using e-voting platform of NSDL until 15 minutes from now. Thank you.