

CHAIRMAN'S MESSAGE



Distinguished Shareholders,

It gives me immense pleasure to present to you the 17th Annual Report of your Company. The audited accounts of the Company for the financial year 2019-20, along with the Directors' 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 the mandate of fast track implementation of rail 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 the Company in 38 Project Implementation Units established at 25 locations across the length and breadth of the Country. RVNL is executing projects in all the Zonal

Railways and 19 States of the Country.

Financial Performance

In 2019-20, RVNL increased its expenditure on project execution from ₹10060.07 crore to ₹14,530.58 crore, which excludes the element of ₹1,743.67 crore as GST. This reflects an increase of 44.44%. While the turnover from projects of the Ministry increased to ₹13,136.13 crore from ₹8454.91 crore in the previous year, the turnover from works undertaken for SPVs and other deposit works reduced to ₹1394.45 crore during 2019-20 in comparison to ₹1605.16 crore in the previous year.

Profit Before Tax increased from ₹758.31 crore in 2018-19 to ₹990.84 crore in 2019-20, and Profit After Tax (PAT) of the Company is at ₹789.86 crore, 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 ₹237.69 crore for 2019-20, to the Shareholders compared to ₹186.94 crore 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 ₹1012 crore.

Furthermore, I would like to mention that the Statutory Auditors have not given any qualification or remarks in the Auditors' Report and the Comptroller & Auditor General of India (C&AG) is yet to give their comments for the FY2020.

Physical performance

During the year, with the focus of the Ministry on the commissioning of projects, I am happy to inform the Shareholders that your Company made **1111.14 km of projects ready as compared to 733 km in 2018-19 implying an increase of 51.59%. Out of this, 76.04 km of New Line, 60.46 km of Gauge Conversion, 507.77 km of Doubling & 23.87 km of MTP Plan Head were commissioned and another 61 km Doubling was under commissioning which could not be opened due to announcement of lockdown from 25th March 2020.**

In comparison to completing a total of 999.94 km of project length in 2018-19, RVNL completed 1959.83 km in 2019-20 implying an increase of 95.99%. This included 551.02 km of Doubling, 95.54 km of New Line, 105.41 km of Gauge Conversation and 1207.86 km of Railway Electrification. In addition, Railway Electrification of 355.88 km was also carried out in other than specific Railway Electrification projects as part of Doubling.

During the year, two important port connectivity projects Haridaspur-Paradeep New line for connecting Paradip Port with the 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 2019-20, RVNL commissioned 713.79 km of pure Railway Electrification works on important routes and 204.08 km of RE was commissioned with doubling projects. ***In addition, 816 km of sections were made ready which could not be commissioned due to lockdown on account of COVID-19. Thus, 1733.87 km of electrified sections were made ready as against 1323 km in 2018-19.***

In 2019-20, RVNL executed 191 Nos. of non-interlocking of stations for commissioning of works, which is the highest till date. This included commissioning of 84 new Electronic Interlocking (EI), & 9 new Panel Interlocking and alterations in existing 35 EIs, 57 existing PI stations and 6 Mechanical Signalling Stations of 4th line, 3rd line and Doubling projects/90 stations on Railway Electrification projects, interlocking of 25 Mid-section Level Crossing Gates and 56 IBS/Auto signals. The Company has also been able to successfully commission telecom works involving laying of optic fibre cables and 6 Quad cables of a total of 1300 km.

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 delivery of State-of-the-Art Railway Workshops and augmentation of capacity of Production Units. Upto 2018-19, RVNL had successfully completed 7 projects and in 2019-20, ***work was completed on Vadlapudi-Wagon PoH Workshop of 200 Nos. Capacity Near Duvvada Station. At present, 05 (five) Workshop projects are under an advanced stage of progress.***

The projects related to extension of Kolkata Metro are on verge of commissioning inspite of 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 2020-21 onwards.

Special Purpose Vehicles

RVNL has taken the lead for establishing six joint venture Special Purpose Vehicles (SPVs) in partnership with various stakeholders including Ports, Mines, State Governments etc. for implementation of rail connectivity project. RVNL has contributed an equity of only ₹983.80 crore, against which project worth ₹8483.89 crore are being implemented with contribution of equity by the project partners and raising of funds through Financial Institutions.

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

In Krishnapatnam Railway, the work on the section between Venkatachalam and Obulavaripali has been completed in June 2019. This section has two tunnels with a total length of about 7.7 km, which were completed in 2018-19 in record time of 25 months. The issue of release of due amount from Railways is under resolution. Doubling of 247 km of the Kutch Railway line between Palanpur and Samakhiali which is being funded completely by the SPV at an estimated cost of ₹2538 crore, has been taken up by RVNL on behalf of the SPV and work is proceeding satisfactorily. Electrification of this line at an estimated cost of ₹655 crore is also in progress.

In Haridaspur-Paradeep Railway Company Ltd., work on 82 km new line has been completed and operation of goods trains has been started. This will bring huge operational benefit to Indian Railways. The physical work on Angul-Sukinda New Line project is also in progress.

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 deputationists.

Corporate Social Responsibility

RVNL is conscious of its Corporate Social Responsibility. During 2019-20, the Company spent ₹19.05 crore (approximately 3.2% of the average net profit of last three financial years) on CSR initiatives, compared to ₹11.48 crore in the previous year which also include ₹5.0 crore 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 2018-19 for 9th consecutive year. The grading achieved by your Company was second highest among 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 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.

Acknowledgements

In the end, I would like to mention that all the contributions of RVNL to rail infrastructure, 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, Members and other Officers of the Railway Board 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, C&AG's 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 colleagues who have been pillars of strength for the Company and have delivered their best despite various difficulties and obstacles.

Sd/-
(Pradeep Gaur)
Chairman & Managing Director