

Track cleared for 120 Vande trains as JV members sort out differences

State-owned RVNL to own 25 per cent in new entity manufacturing Vande Bharat trainsets

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Rail Vikas Nigam (RVNL) and Russian firm JSC Metrowagonmash (TMH) have resolved their differences and formed a joint entity for the award of 120 Vande Bharat trains, ending months of uncertainty their disagreements had created.

RVNL on Tuesday informed the stock exchanges a share-purchase agreement had been signed among three companies. The joint venture had emerged as the lowest bidder for the manufacturing and maintenance of sleeper Vande Bharat trains in March.

The agreement has been signed among RVNL's subsidiary Kinet Railway Solutions (the joint entity responsible for building the trainsets), RVNL, JSC Metrowagonmash, and JSC Locomotive Electronic Systems.

While RVNL will hold a 25 per cent stake in the entity, JSC Metrowagonmash will hold 70 per cent and JSC Locomotive 5 per cent, the disclosure by RVNL said.

The mega contract was clouded



The consortium had made a bid of about ₹58,000 crore for manufacturing 200 Vande Bharat trains. The cost of one train set was estimated at ₹120 crore

when TMH, the Russian giant that owns Metrowagonmash, and the railways-owned firm had disagreements on shareholding.

Sources said RVNL had sought a larger share in the new entity than was initially agreed upon by the two companies. This the Russian company refused, and, in turn, didn't submit the bank guarantee of ₹200 crore required

for activating the contract.

The shareholding pattern in the agreement is in line with the previous commitments made by both the firms, an official aware of the matter said.

Earlier this year, the consortium had made a bid of close to ₹58,000 crore for manufacturing 200 Vande Bharat trains, with the cost to manufacture one train set at ₹120 crore. This was seen as aggres-

sive, considering that the railways' own estimate per train was ₹130 crore.

The consortium will have to manufacture 120 trainsets at the Railways' Marathwada Rail Coach Factory (MRCF), Latur, Maharashtra.

The second-lowest bidder, which in this tender is a joint venture of Titagarh Wagons and state-owned Bharat Heavy Electricals (Bhel), will manufacture 80 trainsets at the Integral Coach Factory. These trains will be maintained for 35 years. Titagarh-Bhel had to match the price of the lowest bidder to win the contract, which was much below their bid of ₹139 crore.

The tender comprises a ₹26,000 crore payment on the delivery of the trains, while ₹32,000 crore is expected to be paid to the winning bidder for maintenance.

Vande Bharat trains are running with solely a seating facility, which limits their ability to undertake long-distance journeys. This order will also take the railways one step closer to introducing sleeper-class Vande Bharat trains, an announcement Union Railways Minister Ashwini Vaishnaw made recently.