



MSEARCH

IPO OFFERING



RITES Ltd

About Company

Recommendation: SUBSCRIBE LONG

RITES Limited ("RITES") is a wholly owned Government, a Miniratna (Category – I) Public Sector Enterprise and a leading player in the Transport Consultancy and Engineering sector in India. RITES has an experience spanning more than 4 decades and has undertaken projects in over 55 countries including Asia, Africa, Latin America, South America and Middle East regions. RITES is the only export arm of Indian Railways for providing rolling stock overseas (other than Thailand, Malaysia and Indonesia). RITES has a significant presence as a transport infrastructure consultancy organization in the railway sector. However, they also provide consultancy services across other infrastructure and energy market sectors including urban transport, roads and highways, ports, inland waterways, airports, institutional buildings, ropeways, power procurement and renewable energy.

Issue size	: Rs.448 – 460 Cr
Price Band	: Rs. 180 to 185 per share
Bid Lot size	: 80 Shares
Issue Opens	: June 20th 2018, Wednesday
Issue Closes	: June 22nd 2018, Friday
Min App Amount*	: Rs. 14,800/- at upper band
Retail & Employee Discount	: Rs.6/-Per share

Msearch View:

We believe RITES is well placed in Design, engineering and consultancy services and enjoys the benefit of being associated with the Indian Railways. Over the years, RITES has developed specialized expertise in providing consultancy services across major market segments in the transport infrastructure sector including railways, urban transport, roads and highways, ports, inland waterways, airports and ropeways. On valuation perse the issue is well priced and is being offered at 11x FY18 Price to earnings vs Avg 20x peers and on P/BV issue is 0available of 1.9x vs Avg 3x peers. However, in the view of the reasonable valuations, buoyant outlook on railway capex, Debt Free and robust order book, we recommend investors to 'SUBSCRIBE' on the issue while looking at the volatility in the market, investors may see muted listing gains, with long term perspective stock can deceive healthy returns.

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