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IPO OFFERING



RAILTEL CORPORATION OF INDIA LTD

About Company

Recommendation: Subscribe for Listing gain

RailTel Corporation of India Limited (Railtel) is a Mini Ratna (Category-I) Central Public Sector Enterprise, wholly owned by the Government of India and under the administrative control of the Ministry of Railways. It is an information and communications technology (ICT) infrastructure provider and is one of the largest neutral telecom infrastructure providers in India. It provides services like Telecom network Services National Long Distance services, ISP, Telecom Infrastructure Services, Managed Data Center and Hosting Services & Projects (system integrated services). Railtel operates data centres in Gurugram, Haryana and Secunderabad, Telangana to host and collocate critical applications for customers including the Indian Railways. As of January 31, 2021, its optic fiber network covers over 59,098 route kms and covers 5,929 railway stations across towns and cities in India.

Price Band	: Rs. 93 to 94 per share
Bid Lot size	: 155 Shares
Issue size	: Rs. 819 Cr
Issue Opens	: February 16 th 2021, Tuesday
Issue Closes	: February 18 th 2021, Thursday
Min App Amount	: Rs. 14,570/- at upper band

Important Note: All retail applications compulsory in UPI mode*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

Msearch View: We believe RailTel IPO gives investors a unique opportunity to invest in Mini Ratna (Cat-I) Central PSE company which has monopolistic business opportunity and a key partner to the Indian Railways in digital transformation. We are also optimistic on Railtel as it has partnered Bharat Net project to create optical fiber cable based broadband infrastructure in laying optical fiber cable across 36,000 gram panchayats in India. With optic fiber network covering over ~60K+ route kms and covers 6K railway stations across towns and cities in India, RailTel offers a diverse range of services across segments like Telecom Network Services, Internet Service and support Telecom Infrastructure Services to Indian Railways. **On valuations parse at upper price band (Rs 94/-), the issue is asking for market cap Rs 3017 Cr with PE (annualised FY21) 33x and P/BV stands at 2x which seems to be fairly priced. Hence, looking at the faster digital transformation of Indian Railways and future growth prospects, we recommend investors to 'SUBSCRIBE FOR LISTING GAIN' only.**



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BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	2018	2019	2020	H1 FY21
Equity Share Capital	321	321	321	321
Reserves as stated	908	968	1048	1074
Net worth as stated	1229	1289	1369	1395
Revenue from Operations	977	1003	1128	537
Revenue Growth (%)	-	2.71%	12.44%	-
EBITDA as stated	282	337	322	146
EBITDA %	28.88%	33.61%	28.59%	27.25%
Profit Before Tax	160	218	185	62
Net Profit for the period	134	135	141	45
Net Profit (%) as stated	13.72%	13.49%	12.51%	8.48%
EPS (₹)	4.18	4.22	4.40	1.42

Source: Company RHP

COMPARISON WITH LISTED INDUSTRY PEERS ₹ (in Cr)

Companies	Revenue (₹Cr)	PAT	PAT%	RoCE%	Interest Coverage
RailTel Ltd	1128	141	13	14	48x
Reliance Jio Infocom Ltd	54316	5562	10	13	3.3x
Airtel Ltd	54630	-36088	-	-	-1.8x
Vodafone-Idea Ltd	44715	-73131	-	-	1x
MTNL	2035	-3390	-	-	-0.4x
Tata Communications Ltd	5750	209	4	9.5	25.5x

~Data as on March 2020. Data for RailTel & Reliance Jio Infocomm Ltd is on consolidated basis.

Source: Company RHP