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## Initial Public Offer of RailTel Corporation of India Limited

**Issue Opens on: February 16, 2021 | Issue Closes on: February 18, 2021**

**Price Band: Rs. 93 to Rs. 94 per share**

**Minimum Bid Lot of 155 shares; Bids in multiples of 155 shares thereafter**

Initial Public Offering of up to 87,153,369 equity shares of face value of Rs. 10 each ("Equity Shares") of RailTel Corporation of India Limited ("RailTel" or the "Company" or the "Issuer") for cash at a price of Rs. 94\* per equity share, including a share premium of Rs. [●] per equity share, (the "Offer Price"), aggregating up to Rs. [●] million (the "Offer"), through an offer for sale of up to [●] equity shares by The President of India, acting through Ministry of Railways, Government of India (the "Selling Shareholder"). Up to 5,00,000 equity shares may be reserved for eligible employees ("the "Employee Reservation Portion"). The Offer less the Employee Reservation Portion is referred to as the Net Offer. The Offer will comprise a Net Offer of up to 86,653,369 equity shares and the Employee Reservation Portion of up to 5,00,000 equity shares. The Offer and the Net Offer shall constitute [●] and [●] respectively of the post-offer paid up equity share capital of the company.

\*Assuming aggregate shares, amounts and/or percentage calculated at higher Price Band of Rs.94.

The Company & Selling Shareholder in consultation with BRLMs may consider participation by Anchor Investors; the Anchor Investor Bidding Date shall be on Monday, February 15, 2021

### Overview of the Company

#### Business Overview

- 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 was incorporated on September 26, 2000 with the aim of modernizing the existing telecom system for train control, operation and safety and to generate additional revenues by creating nationwide broadband and multimedia network by laying optical fiber cable by using the right of way along railway tracks
- It is an information and communications technology ("ICT") infrastructure provider and is one of the largest neutral telecom infrastructure providers in India
- As of January 31, 2021, RailTel's optic fiber network covers 59,098 route kilometers and covers 5,929 railway stations across towns and cities in India
  - The transport network is built on high capacity dense wavelength division multiplexing ("DWDM") technology and an Internet protocol/ multi-protocol label switching ("MPLS") network over it to support mission critical communication requirements of Indian Railways and other customers
- The Company operates data centers in Gurugram, Haryana and Secunderabad, Telangana to host and collocate critical applications for customers including the Indian Railways.

|                                   |   |
|-----------------------------------|---|
|                                   | <ul style="list-style-type: none"> <li>In addition to strategic and critical network infrastructure services, the Company also undertakes various ICT projects for the Indian Railways, central government and state governments, including various train control system projects for Indian Railways</li> <li>RailTel offers diverse range of services across industries - Telecom Network Services, Telecom Infrastructure Services, Managed Data Center and Hosting Services and Projects (System Integration Services)</li> </ul>   |
| <p><b>Promoter Background</b></p> | <ul style="list-style-type: none"> <li>RailTel's promoter is the President of India acting through the Ministry of Railways, Government of India <ul style="list-style-type: none"> <li>The Promoter, along with its eight nominees, currently holds 100% of the pre-Offer paid-up Equity Share capital of our Company</li> </ul> </li> </ul>   |
| <p><b>Strengths</b></p>           | <ul style="list-style-type: none"> <li><b>Among the largest neutral telecom infrastructure providers in India with pan-India optic fiber network</b> <ul style="list-style-type: none"> <li>As of January 31, 2021, RailTel had exclusive right of way along 67,415 route kilometers connecting 7,321 railway stations for laying optical fiber cable. <ul style="list-style-type: none"> <li>As of January 31, 2021, the Company had over 59,098 route kilometers of optical fiber cable network and have connected 5,929 railway stations across towns and cities in India</li> </ul> </li> <li>RailTel offers high capacity bandwidth of up to 800G at 87 locations in India, as of January 31, 2021. It also offers leased line and VPN facilities and also provide of IP-1 services.</li> <li>RailTel's pan-India network comprises various technologies including next generation network ("NGN"), packet transport network, DWDM and IP-MPLS that are maintained by our network operations centers ("NOCs") at Mumbai, Delhi, Kolkata and Secunderabad</li> <li>The Company has developed a retail broadband network and applications to retail customers across India through its 'RailWire' platform. <ul style="list-style-type: none"> <li>As of January 31, 2021, the Company had 305,746 users of its 'RailWire' service.</li> </ul> </li> </ul> </li> <li><b>Diversified portfolio of services and solutions</b> <ul style="list-style-type: none"> <li>RailTel offers the following services <ul style="list-style-type: none"> <li>Telecom Network Services: <ul style="list-style-type: none"> <li>National Long Distance ("NLD") Services: provides digital capacity to carry long distance telecommunication services (voice, data, fax, text, video and multimedia)</li> <li>Internet Service Provider ("ISP") Services</li> </ul> </li> <li>Telecom Infrastructure Services: <ul style="list-style-type: none"> <li>Passive Infrastructure ("IP-1") Services: storage, power, cooling, and physical security for servers and networking equipment of customers</li> <li>Space on microwave towers for collocating base transceiver stations ("BTS") for telecom operators, small cell sites</li> <li>Single core dark fiber for transmission of digital video signals to multiple system operators ("MSOs") for cable distribution</li> </ul> </li> <li>Managed Data Center and Hosting Services: <ul style="list-style-type: none"> <li>Data Centre and Managed Hosting: Infrastructure as a Service (IaaS), dedicated hosting, managed services, cloud computing, managed e-Office services, disaster recovery services</li> <li>Telepresence Services: end-to-end hosted multitenant video conferencing facility</li> <li>Security Operations Centre as a Services: cyber security incident prevention and security event monitoring services</li> </ul> </li> <li>Projects Services: <ul style="list-style-type: none"> <li>ICT Hardware, Software and Service System Integration Projects: undertake ICT hardware implementation, software delivery and digital transformation projects</li> <li>Digital Services: unified communications, Wi-Fi as a service, e-tendering/ e-auction/ smart payments and disaster management services</li> <li>Other Services: consultancy services for ICT services and solutions and signaling services</li> </ul> </li> </ul> </li> </ul> </li> <li><b>Key partner to the Indian Railways in digital transformation</b> <ul style="list-style-type: none"> <li>RailTel provides a variety of services to the Indian Railways and has implemented MPLS data network for integrated payroll and accounting system, unreserved ticketing system, freight operations information</li> </ul> </li> </ul> |

system and coaching operations information systems

- Raitel is responsible for upgradation of RailNet over a WAN by providing centralized mailing system and security systems through the supply, installation and commissioning of IP-MPLS network at divisions, zones, production units and central training units of the Indian Railways.
  - The company is also working with the Indian Railways to transform railway stations into digital hubs by providing public Wi-Fi at railway stations across India.
  - RailTel is awarded mandates by the Indian Railways on a nomination basis, owing to its unique infrastructure along railway tracks, technical capabilities and its longstanding relationship with the organization.
- **Experience in executing projects of national importance with a robust pipeline of projects**
    - National Knowledge Network (NKN):
      - Envisages connecting all higher education and research institutes across a common platform
      - Raitel appointed to implement across 26 universities in India
    - Bharat Net:
      - Government initiative to provide broadband services to rural areas
      - To connect approximately 250,000 gram panchayats and provide high-speed broadband connectivity
    - ESIC Project:
      - Operations and maintenance of network and infrastructure operations in connection with implementation of social security programme
      - To enable stakeholders to avail anytime, anywhere healthcare services across the country and creation of a medical database
    - E – Office:
      - For Indian Railways
        - Phase I: 50,000+ users from 17 railway divisions, production units etc
        - Phase II: 39,000+ users, 46 railway division
      - Setting up such e-offices for large government entities (Central Warehousing Corporation and IRCON)
    - Kerala Fiber Optic Network (KFON):
      - Provision of scalable and resilient optic fiber across Kerala
  - **Strong track record of financial performance:**
    - RailTel has established a consistent track record of financial performance and growth. It has been profitable since Fiscal 2007 and has consistently declared and paid dividends since Fiscal 2008
    - Company’s net worth has been positive since incorporation and has been consistently growing
    - Operations have been funded entirely by internal accruals since Fiscal 2013 and it is a debt-free company
  - **Professionally managed with strong corporate governance and senior management team with significant industry experience**
    - RailTel has diversified Board and senior management team with significant experience.
    - As per the Corporate Governance Grading Report of CPSEs for 2018 – 2019 published by the DPE, RailTel has been graded “Excellent”.
    - Puneet Chawla, Chairman and Managing Director has been associated with Indian Railways for over 30 years and has significant experience in project management and administration.
    - Sanjai Kumar, Whole-time Director (Network, Planning and Marketing) has technical backgrounds and have extensive operational and marketing experience.
    - Anand Kumar Singh, Director and Chief Financial Officer has extensive experience in finance and accounting matters.
    - The Board also comprises members who have been associated with the Indian Railways in various capacities and also receives support from the nominees of the Indian Railways

**Strategies**

- **Continue To Expand its Telecom Services And Deploy Latest Technologies:**
  - Company believes its extensive network is a key differentiator and a key value proposition
  - Continue to invest in expanding its network and deploying latest technologies to enable a high capacity next generation network to deliver sustained value to customers
  - Intend to create open radio access networks small cell and enhance tower infrastructure at railways

stations for hosting telecom players, create integrated network and build capabilities of managing NOC operations banks and financial institutions and create fiber network in the six states of North East

- Creating backhaul network with DWDM system to meet bulk bandwidth requirements of over-the-top players

- **Further Diversify Services and Solutions With a Focus on Indian Railways:**

- Enhance focus on provision of services that have high market attractiveness
- Work with the Indian Railways to –
- Develop and manage its proposed LTE network
- Monetize on opportunities generated by Indian Railways implementing ETCS level-2, MC PTT + Voice, IoT-based asset monitoring, passenger information display system and live feed video surveillance
- Implement High Speed Mobile Communications Corridor (“HSMCC”) to cater to voice/data needs of train-ground and train-train communication of rail assets, automatic train operations and on-board passenger services Continue

- **Expand its Services Outside India:**

- Company intend to offer services selectively in jurisdictions outside India and leverage its existing technology to implement its capabilities other countries
- Bidding for project in Africa (supply, delivery, installation and commissioning of goods and service for digital literacy in public primary schools in Kenya),
- Evaluating projects in Bangladesh and Jordan for modernizing and digitizing existing networks
- Exploring business opportunities in Mauritius and in healthcare segment

**Financial Snapshot**

| Parameter Rs. mn                 | Six months ended September 30, 2020 | Fiscal 2020 | Fiscal 2019 | Fiscal 2018 |
|----------------------------------|-------------------------------------|-------------|-------------|-------------|
| Revenue from operations          | 5,374.00                            | 11,280.54   | 10,032.69   | 9,767.79    |
| EBITDA                           | 1,464.38                            | 3,224.60    | 3,371.54    | 2,820.49    |
| Profit/ (Loss) for the period    | 455.84                              | 1410.66     | 1353.56     | 1340.06     |
| Net Worth                        | 13,946.30                           | 13,693.56   | 12,890.85   | 12,291.77   |
| Return on Restated Net Worth (%) | 3.27%                               | 10.30%      | 10.50%      | 10.90%      |

**Objects of the Offer**

- The objects of the Offer are:
  - To carry out the disinvestment of 87,153,369 Equity Shares by the Selling Shareholder; and
  - To achieve the benefits of listing the Equity Shares on the Stock Exchanges

The Red Herring Prospectus can be accessed at <http://www.icicisecurities.com>