

NOT RATED
Issue Details

Listing	BSE & NSE
Open Date	16 Feb 2021
Close Date	18 Feb 2021
Price Band	Rs. 93-94
Market Lot	155 shares
Minimum Lot	1 Lot

RailTel, incorporated in September 2000, 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. The company is an Information and Communications Technology (ICT) infrastructure provider and is one of the largest neutral telecom infrastructure providers in India. As of 31st January 2021, RailTel's optical fiber network covered 59,098 route kilometers and 5,929 railway stations across towns and cities in India. The company operates data centers in Gurugram, Haryana and Secunderabad, Telangana to host and collocate critical applications for customers.

Issue Structure

Offer for sale	100%
Fresh Issue	NIL
Issue Size	Rs. 819.2 cr
OFS shares	8,71,53,369
QIB share (%)	≤ 50%
Non Inst share (%)	≥ 15%
Retail share (%)	≥ 35%

During FY18-20, RailTel's revenue grew at a 7.5% CAGR to Rs. 1,128 cr in FY20. Over the same period, its EBITDA grew at a CAGR of 12.4% to Rs. 334 cr in FY20 while the net profit grew at a CAGR of 2.6% to Rs. 141 cr in FY20.

- RailTel has a pan-India optic fiber network and is among the largest neutral telecom infrastructure providers in the country. As of 31st January 2021, RailTel has exclusive right of way along 67,415 route kilometers connecting 7,321 railway stations for laying optical fiber cable and offers high capacity bandwidth of up to 800G at 87 locations in India. RailTel's pan-India network comprises various technologies including next generation network (NGN), packet transport network, DWDM and IP-MPLS.
- The company offers a diverse range of services including telecom network services, telecom infrastructure services, managed data center and hosting services and projects (system integration services) across various industries.
- RailTel is a key partner to the Indian Railways in digital transformation. RailTel provides a variety of services to the Indian Railways and is also working with the Indian Railways to transform railway stations into digital hubs by providing public Wi-Fi at railway stations across India.

Shareholding Pattern

	Pre (%)	Post (%)
Promoters	100.0	72.8
Institutional	0.0	13.5
Public	0.0	13.7

Key Financials (in ₹ crores)

	Sales	EBITDA	Net Profit	EBITDA Margin (%)	Net Margin (%)	Adj EPS ₹	Adj BV ₹	RoE (%)	RoCE (%)	P/E (X)	P/B (X)	EV/EBITDA (x)
FY18	977	264	134	27.0	13.7	4.2	38.3	10.9	9.9	22.5	2.5	9.5
FY19	1,003	302	135	30.1	13.5	4.2	40.2	10.5	9.2	22.3	2.3	8.6
FY20	1,128	334	141	29.6	12.5	4.4	42.7	10.3	11.3	21.4	2.2	8.2

- RailTel plans to continue investing in expanding its network and deploying latest technologies to enable a high capacity next generation network. Its extensive network is a key differentiator and a key value proposition.
- The company aims to further diversify its operations by providing services and solutions that have high market attractiveness. RailTel also intends to offer services selectively to countries other than India and leverage its existing technology to implement its capabilities in other countries.

❖ Valuation

At the upper price band of the IPO, RailTel is valued at 21.4x FY20 PE.

❖ Issue Structure and Offer Details

The proposed issue comprises of an offer for sale of 8,71,53,369 shares by the President of India, acting through the Ministry of Railways, Government of India, aggregating to a sum of Rs. 819.2 cr (at upper price band). The price band for the issue is in the range of Rs. 93-94 and the bid lot is 155 shares and multiples thereof.

Category	No. of shares offered	Offer Details
Total Offer for Sale	8,71,53,369	
- Employee reservation	5,00,000	
- Net Offer for Sale	8,66,53,369	
- Qualified Inst. Buyers	Not more than 4,33,26,683	≤ 50% of Net OFS
- Non Inst. Investors	Not less than 1,29,98,006	≥ 15% of Net OFS
- Retail Investors	Not less than 3,03,28,680	≥ 35% of Net OFS

Source: Company Reports & SEBI

❖ Objects of the Issue

Purpose	Amount (Rs. cr.)
To carry out the disinvestment of 87,153,369 equity shares by the selling shareholder (Government of India)	•
To achieve the benefits of listing the shares on the stock exchanges	•
Net Proceeds	•

Source: Company Reports & SEBI

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Corporate Office: I-Think Techno Campus, 8th Floor, 'B' Wing, Off Pokhran Road No 2, Eastern Express Highway, Thane (W) – 400608