

RAILTEL CORPORATION OF INDIA LTD.

RECOMMENDATION : BUY

MARKET PRICE : Rs.118.25 (As on 31st May 2023)

TARGET PRICE : Rs.148.00

FACE VALUE : Rs.10

BSE CODE : 543265

NSE CODE : RAILTEL





Railtel Corporation of India Ltd. is a "Mini Ratna (Category-I)" PSU is one of the largest neutral telecom infrastructure providers in the country owning a Pan-India optical fiber network. The OFC network covers all important towns & cities of the Country and several rural areas covering 70% of India's population.

ABOUT THE COMPANY

RailTel with strong nationwide presence is committed to bring cutting edge technology and offer innovative services to the Indian Telecom market. RailTel is in the forefront in providing nationwide Broadband Telecom & Multimedia Network in all parts of the Country in addition to modernisation of Train operations and administration network systems. With its Pan India high capacity network, RailTel is working towards creating a knowledge society at various fronts.

OUR SERVICES



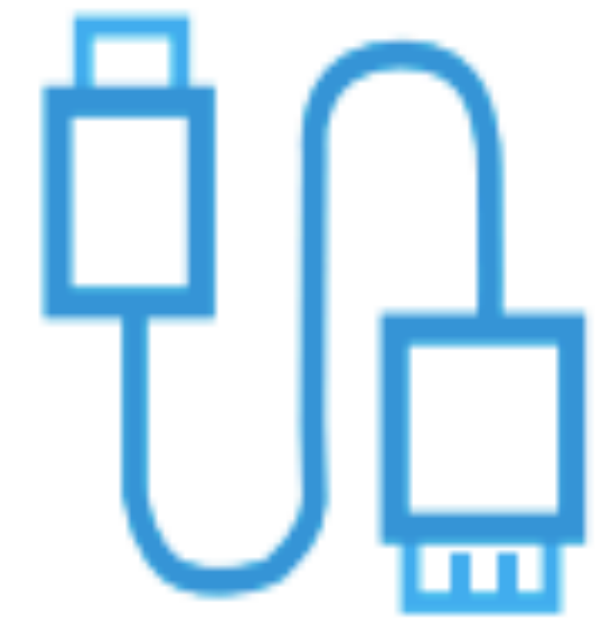
e-Office

Digitization of day to day working replacing the manual filing system through cloud-enabled software that is deployed/hosted from RailTel's own Tier III-certified data centres.



Telepresence as a Service

High definition video conferencing service on Managed Service Model, free from the hassles of procurement, maintenance, managing obsolescence etc.



Leased Line

Managed leased line services with reliable, secure & scalable ring architecture with multipath protection.



Data Center Services

UPTIME USA certified 2 Tier III data centres available for Co-location, Managed Security, Dedicated Hosting & Management and MeitY empanelled cloud services.



Security Operation Centre Service

24X7 proactive monitoring, detection and incident response for endpoints, networks, servers, applications, databases and websites



Managed Data & MPLS-VPN services

Managed Data and MPLS-VPN layer 2 and layer 3 services over a number of locations across India



Wi-Fi Hotspot Creation

Expertise in creating public/private Wi-Fi hotspots from concept to commissioning with experience of creating 6000+ Wi-Fi hotspots in Railway stations, Educational institutions, SmartCities etc.



ICT Project & Consultancy Services

On-site & off-site consultancy services for WAN, LAN, IT systems, Data Center, ERP/CRM.



Tower Collocation

Availability of high ARPU sites with maximum population coverage with support for multiple BTS.



Innovative Digital Services

Hospital Management Information System, IP Based Video Surveillance System with Facial Recognition, IoT for Railways, University Management System, Smart Classes, Smart City solutions etc.



Railway Signalling Projects

End to end execution of signalling projects, modern signalling systems, Train Collision Avoidance System (TCAS) etc.



RailWire Broadband

Retail broadband service for home, small office users and MSMEs in collaboration with local entrepreneurs.

Our Network



61,000+
Route Km OFC













11,000+
POPs

21,000+
RKM Access
Network

This network is designed in a Layered structure for its efficient utilization and management. The three layers viz. Access Layer, Edge Layer & Backbone layer enables required capacity with desired granularity. **Access layer** provides of STM-1 (155Mbps) capacity at stations, spaced at every 8-10 Kms. The traffic from access layer is aggregated on to the Edge layer having STM-16/64 connectivity, which is available in important locations at every 50-60 Kms. Collecting the traffic from edge layer is finally aggregated on to the **Backbone layer** with DWDM/STM-64/PTN and IP-MPLS available in big cities/towns situated at every 60-70 Kms.

Our **Expertise**

RailTel over last few years have transformed from a vanilla bandwidth provider to an integrated ICT services provider. Going ahead, RailTel has identified various such areas for the future requirements of Enterprise & Government sector.

 HD Video Conferencing Services	 Data Center Services	 Railwire
 Leased Line	 Virtual Private Network	 Internet Leased Line
 Managed Data Services	 Consultancy Services	 Rack and Space Collocation
 Tower Collocation	 NLD for Voice Carriage	 Signalling Services

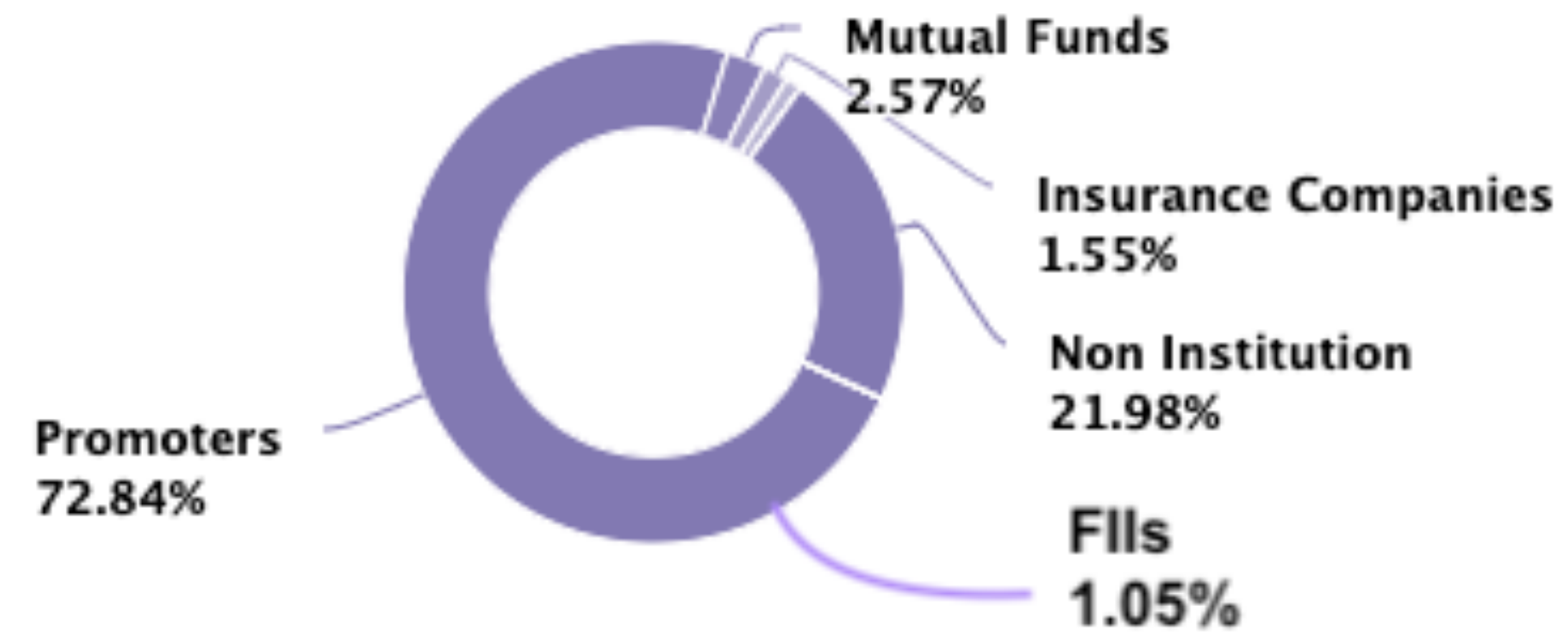
Yearly Results

YEARLY RESULTS OF RAILTEL CORPORATION OF INDIA (in Rs. Cr.)	MAR '23	MAR '22	MAR '21	MAR '20	MAR '19
Net Sales/Income from operations	1,963.51	1,548.45	1,377.82	1,121.91	968.31
Other Operating Income	--	--	--	6.14	34.95
Total Income From Operations	1,963.51	1,548.45	1,377.82	1,128.05	1,003.26
EXPENDITURE					
Employees Cost	195.27	185.79	126.70	120.53	112.02
Depreciation	154.31	160.18	159.32	130.89	111.58
Other Expenses	1,389.75	995.83	924.03	673.72	589.09
P/L Before Other Inc., Int., Excpt. Items & Tax	224.18	206.65	167.77	202.91	190.57
Other Income	38.69	79.47	33.47	37.95	35.00
P/L Before Int., Excpt. Items & Tax	262.87	286.12	201.24	240.86	225.57
Interest	6.02	5.49	4.06	6.80	7.89
P/L Before Exceptional Items & Tax	256.85	280.63	197.18	234.06	217.68
Exceptional Items	-2.06	--	--	-49.30	-36.55
P/L Before Tax	254.79	280.63	197.18	184.76	181.13
Tax	65.71	71.68	54.73	43.69	69.56
P/L After Tax from Ordinary Activities	189.08	208.95	142.45	141.07	111.57
Net Profit/(Loss) For the Period	189.08	208.95	142.45	141.07	111.57
Net P/L After M.I & Associates	189.08	208.95	142.45	141.07	111.57
Equity Share Capital	320.94	320.94	320.94	320.94	320.94
Reserves Excluding Revaluation Reserves	1,327.94	1,205.77	1,091.88	1,048.39	968.12
EPS BEFORE EXTRA ORDINARY					
Basic EPS	5.89	6.51	4.44	4.40	3.48
Diluted EPS	5.89	6.51	4.44	4.40	3.48
EPS AFTER EXTRA ORDINARY					
Basic EPS.	5.89	6.51	4.44	4.40	3.48
Diluted EPS.	5.89	6.51	4.44	4.40	3.48

Key Financial Ratios

KEY FINANCIAL RATIOS OF RAILTEL CORPORATION OF INDIA (in Rs. Cr.)	MAR 23	MAR 22	MAR 21	MAR 20	MAR 19
PER SHARE RATIOS					
Basic EPS (Rs.)	5.89	6.51	4.44	4.40	3.48
Diluted EPS (Rs.)	5.89	6.51	4.44	4.40	3.48
Cash EPS (Rs.)	10.70	11.50	9.40	8.47	6.95
Book Value [ExclRevalReserve]/Share (Rs.)	51.38	47.57	44.02	42.67	40.17
Book Value [InclRevalReserve]/Share (Rs.)	51.38	47.57	44.02	42.67	40.17
Revenue from Operations/Share (Rs.)	61.18	48.25	42.93	35.15	31.26
PBDIT/Share (Rs.)	13.00	13.91	11.23	11.58	10.51
PBIT/Share (Rs.)	8.19	8.91	6.27	7.50	7.03
PBT/Share (Rs.)	7.94	8.74	6.14	5.76	5.64
Net Profit/Share (Rs.)	5.89	6.51	4.44	4.40	3.48
NP After MI And SOA / Share (Rs.)	5.89	6.51	4.44	4.40	3.48
PROFITABILITY RATIOS					
PBDIT Margin (%)	21.24	28.82	26.16	32.93	33.60
PBIT Margin (%)	13.38	18.47	14.60	21.33	22.48
PBT Margin (%)	12.97	18.12	14.31	16.37	18.05
Net Profit Margin (%)	9.62	13.49	10.33	12.50	11.12
NP After MI And SOA Margin (%)	9.62	13.49	10.33	12.50	11.12
Return on Networth/Equity (%)	11.46	13.68	10.08	10.30	8.65
Return on Capital Employed (%)	14.39	17.11	12.65	15.70	15.70
Return on Assets (%)	5.66	7.31	5.25	5.88	5.00
Total Debt/Equity (X)	0.00	0.00	0.00	0.00	0.00
Asset Turnover Ratio (%)	0.64	0.56	50.84	47.03	45.03
LIQUIDITY RATIOS					
Current Ratio (X)	1.39	1.30	1.47	1.29	1.39
Quick Ratio (X)	1.39	1.30	1.47	1.29	1.39
Inventory Turnover Ratio (X)	0.00	0.00	1,138.69	2,302.14	1,153.17
Dividend Payout Ratio (NP) (%)	0.00	26.87	70.30	32.74	55.99
Dividend Payout Ratio (CP) (%)	0.00	15.21	33.18	16.98	27.99
Earnings Retention Ratio (%)	0.00	73.13	29.70	67.26	44.01
Cash Earnings Retention Ratio (%)	0.00	84.79	66.82	83.02	72.01
COVERAGE RATIOS					
Interest Coverage Ratios (%)	69.30	81.29	49.57	36.52	28.59
Interest Coverage Ratios (Post Tax) (%)	69.30	81.29	49.57	36.52	28.59
VALUATION RATIOS					
Enterprise Value (Cr.)	2,972.05	2,359.23	3,481.11	0.00	0.00
EV/Net Operating Revenue (X)	1.51	1.52	2.53	0.00	0.00
EV/EBITDA (X)	7.12	5.29	9.65	0.00	0.00
MarketCap/Net Operating Revenue (X)	1.65	1.74	2.95	0.00	0.00
Retention Ratios (%)	0.00	73.12	29.69	67.25	44.00
Price/BV (X)	1.97	1.77	2.88	0.00	0.00
Price/Net Operating Revenue	1.65	1.74	2.95	0.00	0.00
Earnings Yield	0.06	0.08	0.04	0.00	0.00

Shareholding Pattern an on Mar'23



Summary

- ❖ With deliverance of robust performance in Q4 of FY'23, the Company's Net Sales increased by 51.14% i.e. Rs.703.63 crs in Mar'23 versus Rs.465.53 crs in Mar'22. However, the Net Profits grew up by 39.98% i.e. Rs.76.04 crs in Mar'23 as compared to Rs.54.32 crs in Mar'22.
- ❖ As per fair financials and its consistent performance, the Company is available at a good price of Rs.118.25 with its 52 week low at Rs.87.50 and 52 week high at Rs.148.70.
- ❖ In view of the Promoters holding majority stake around 72.84% as well as its healthy valuations, indicates that the Management is committed to growth of the Company.
- ❖ The Shareholding Pattern as on Mar'23, shows the FIIs held 1.05% holdings. Whilst, the Mutual Fund Houses own 2.57% stake in the Company.
- ❖ Railtel Corporation of India Ltd. is held by TATA MF, ICICI PRU MF, EDELWEISS MF & HDFC MF.
- ❖ On consolidated basis, the Company registered Return on Equity (ROE) and Return on Capital Employed (ROCE) around 11.46% & 14.39% respectively as on Mar'23.
- ❖ For the year ending Mar'23, Railtel Corporation of India Ltd. has declared an equity dividend of 15.00% i.e. Rs.1.50 per equity share.

Disclosure

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I, Amiteshwar Singh, am the proprietor of M/S Amiteshwar.in. I am a Research Analyst registered with SEBI having registration no. INH100010013. I provide services through my website www.Amiteshwar.in which is primarily focused on research of Multi-Cap stocks of India.

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2. My daughter, Ms. Palvit Kaur

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