



IPO Note

Rama Telecom Limited

Recommendation: **Neutral**

Company Background –

- **Incorporation:** Originally incorporated on Jul 12, 2004. The registered office is located at Kolkata.
- **Business Activity:** The company is engaged in the business of providing end to end customised networking solutions with expertise in optical fibers.
- **Revenue Stream:** The company generates majority of the revenue by providing device-to-device communication to the railway sector.
- **Human Resource:** The company has 40 full-time employees and 41 contractual employees as on Mar 31, 2025.

Objects of the Issue –

- Capital expenditure towards purchase of machinery and commercial motor vehicles.
- Working capital requirements.
- To meet the issue expenses.
- General corporate purposes.

Promoters Name –

Rama Kant Lakhota, Simran Lakhota, Neena Lakhota, & Nikita Lakhota.

Rationale for Recommendation – Rama Telecom has demonstrated strong financial growth with rising revenues and operating margins. Its post-issue P/E of 16 appears slightly overpriced but remains reasonable when compared to peers and the industry average. The company derives majority of its revenue from the railway sector and the government. However, this is mitigated by the government's continued focus and investment in railway infrastructure. Despite its financial strength over the years, concerns arise from cost-cutting measures such as a 58.86% reduction in staff welfare expenses in FY24 and a lean team of only 40 permanent employees. Additionally, there is buyer and supplier concentration as well as multiple pending litigations. Considering these factors, a neutral stance on the IPO is recommended.

IPO Details

Opening Date	June 25, 2025
Closing Date	June 27, 2025
Allotment Date	June 30, 2025
Listing Date	July 02, 2025
Stock Exchange	NSE SME
Lot Size	2,000 Shares
Issue Price Per Share	₹65 to ₹68
Issue Size	25.13 Cr.
Fresh Issue	25.13 Cr.
Offer for Sale	-
Application Amt	₹ 1,36,000 (2,000 shares)

INDUSTRY – Telecommunications

Avg. P/E ratio as per RHP is 35

KPI's	KPIs (In Lakhs)		
	FY 23	FY 24	FY 25
Revenue	3,310.07	3,718.77	4,175.80
EBITDA	177.22	403.02	738.61
Net Profit	108.34	261.16	552.93
RoCE	18.55%	31.79%	41.44%
ROE	15.65%	27.39%	33.58%
P/E	59.13	24.55	11.62

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
99.01%	71.28%

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	5.85	4.25
BVPS	17.33	12.65
P/E	11.62	16.00
P/BV	3.92	5.37
Mkt Cap (In Cr)	64.62	88.49

Lead Managers –

Affinity Global Capital Market Private Limited

Registrar –

Cameo Corporate Services Limited

Business Overview -

Rama Telecom Limited is an engineering company with expertise in optical fibre providing end to end customised networking solutions. Their vision is to connect every corner of the country through updated technology through sustainable methods. The company primarily caters to railway, telecom, petroleum, and airport sector currently.

The company builds and maintains telecommunications infrastructure including fiber optic cables, cell towers, satellite systems, data centers, etc. It has shown consistent performance in delivering reliable and quality service.

Future Plan for Indian Railway:

Rama Telecom is actively contributing to the Indian Railways' modernization by supporting digital infrastructure projects. The company is involved in laying optical fiber cables (OFC) for multiple initiatives that enhance operational efficiency, safety, and passenger connectivity.

- **Kavach System Integration** - Rama Telecom is engaged in laying OFC to support the Kavach system, an advanced train protection and collision avoidance system. This includes projects such as the Kota Project (Western Railway), 6 Quad Howrah Project, and the Tarkeshwar–Bishnupur Project (Eastern Railway).
- **Network Coverage Expansion** - The company is extending telecom network infrastructure across remote and underserved rail routes, facilitating real-time data exchange between trains, signalling systems, and control centers for improved operational reliability and safety.
- **Deployment of Advanced Technologies** - Rama Telecom is integrating 5G, IoT, and IP-MPLS technologies to enable real-time monitoring of train operations, predictive maintenance, and high-speed, low-latency communication across railway networks.
- **Enhanced Passenger Connectivity** - By installing high-quality cables between stations, the company supports Wi-Fi access, real-time communication, and automated control systems, contributing to a more seamless, secure, and efficient passenger experience.

Segment – Wise Revenue Breakup:

(in Lakhs)

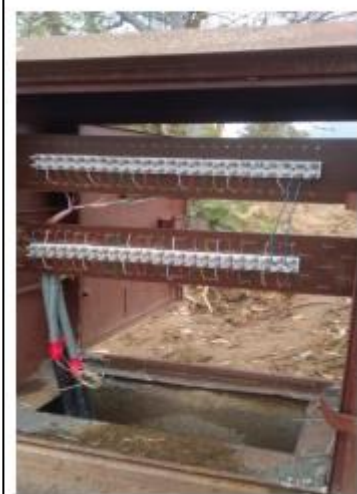
Sector	FY 23	%	FY 24	%	FY 25	%
Railways	3,141.18	94.90%	3,315.89	89.17%	3,726.44	89.24%
Telecom	145.96	4.41%	377.16	10.14%	413.09	9.89%
Petroleum	13.38	0.40%	25.72	0.69%	36.27	0.87%
Airport	9.58	0.29%	-	-	-	-
Total	3,310.10	100.00%	3,718.77	100.00%	4,175.80	100.00%

Capacity Utilisation:

Machine	Unit	FY 23	%	FY 24	%	FY 25	%
HDD Machine	Kms	45	77.78%	50	76.46%	50	86.00%
Splicing Machine	Nos	8,00,000	85.00%	9,80,000	75.51%	11,85,000	86.08%
OTDR	Nos	3,00,000	76.67%	3,50,000	80.00%	4,00,000	82.50%
Power Meter	Nos	8,00,000	81.25%	9,00,000	80.33%	9,80,000	81.43%
Laser Source	Nos	8,00,000	81.25%	9,00,000	80.33%	9,80,000	81.43%

Service – Wise Revenue Breakup:**(in Lakhs)**

Service	FY 23	%	FY 24	%	FY 25	%
	FY 23	%	FY 24	%	FY 25	%
Outdoor Execution	1,019.49	30.80%	1,293.92	34.79%	1,442.32	34.51%
Indoor Execution & Networking	423.97	12.81%	498.66	13.41%	584.44	13.98%
Installing, Commissioning, & Maintenance	1,866.61	56.39%	1,926.19	51.80%	2,153.04	51.51%
Total	3,310.07	100.00%	3,718.77	100.00%	4,179.80	100.00%

Cable Jointing and Splicing**HDPE Pipe Laying****Outdoor Cable Termination****Geographic – Wise Revenue Breakup:****(in Lakhs)**

Region	FY 23	%	FY 24	%	FY 25	%
Karnataka	278.12	8.40%	147.49	3.97%	15.94	0.38%
Kerala	76.84	2.32%	116.92	3.14%	408.82	9.71%
Madhya Pradesh	-	-	226.31	6.09%	216.71	5.15%
Maharashtra	95.33	2.88%	43.13	1.16%	294.41	6.99%
Orissa	251.18	7.59%	314.05	8.45%	562.99	13.37%
Punjab	593.31	17.92%	224.84	6.05%	46.14	1.10%
Tamil Nadu	-	-	-	-	337.3	8.01%
Telangana	812.37	24.54%	828.62	22.28%	145.74	3.46%
Uttar Pradesh	452.66	13.68%	345.86	9.30%	420.82	10.00%
West Bengal	443.28	13.39%	799.99	21.51%	1348.11	32.02%
Others	3067.01	9.27%	671.55	18.06%	412.82	9.81%
Total	3,310.10	100.00%	3,718.76	100.00%	4,209.80	100.00%

Competition -

- Market Competition:** High competition because major established players dominate the market. The most important factor being network coverage, quality, and data speed.
- Geographic Competition:** High because the company operates in regions which are already dominated by few established players.
- Barriers to Entry:** There are moderate barriers to entry due to high capital requirements, regulatory approvals, and economies of scale make entry difficult.
- Threat of Substitutes:** low threat of substitutes as network connectivity is a primary product.
- Bargaining Power of Customers:** Customers have a high bargaining power as industrial clients have very large scale contracts giving them more negotiating power.
- Bargaining Power of Suppliers:** Suppliers have moderate bargaining power as equipment vendors (towers, fiber, other electronics) are few.

Business Strategies -

- The company is well equipped for government and prestigious client projects.
- Advancing fiber optic management and maintenance is going to be the focus for telecom profitability.
- The company aims to deliver telecom and networking solutions beyond competitor's reach by operating in remote or underserved areas.
- Efficient manpower distribution and optimum utilisation through analysing workload requirements.
- Introduction of new quality enhancement system.

Risk Factors -

- There are 1 pending material litigations against the company worth ₹25 Lakhs, 15 direct tax litigations worth ₹7.13 Lakhs, and 4 indirect tax litigations worth ₹188.58 Lakhs.
- There are 3 pending direct tax litigations on the directors of the company worth ₹1.41 Lakhs.
- The company has incurred negative cash flow from operations worth (₹140.94) Lakhs in FY 23.
- The company is dependent on the government for its revenue. The top 10 government customer contributed 92%, 91%, 93.84% in FY 23, FY 24, and FY 25 respectively.
- The company is dependent on few numbers of suppliers. Its top 10 suppliers contributed 71.98%, 56%, 69% in FY 23, FY 24, and FY 25 respectively.
- The company has contingent liabilities worth ₹999.02 Lakhs as on Mar 31, 2025.

PEER ANALYSIS -

Particulars	Rama Telecom Limited			SAR Televenture*		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
EBITDA Margin	3.27%	7.02%	13.24%	12.12%	12.71%	13.16%
NP Margin	5.35%	10.84%	17.69%	17.69%	14.34%	17.31%
RoCE	18.55%	31.79%	41.44%	23.29%	6.48%	6.02%
ROE	15.65%	27.39%	33.58%	33.25%	21.81%	5.49%
EPS	1.15	2.77	5.85	98.24	17.33	13.85
P/E	59.13	24.55	11.62	-	11.53	20.00

*Company was not listed during FY 23 therefore the P/E is nil.

INDUSTRY OVERVIEW -**Telecommunication, Railway, and Optical Fiber****-Optical Fiber Cable (OFC) Industry:**

India had 969 million internet subscribers (narrowband + broadband) as of June 2024, with 42% from rural areas. Broadband connections reached 949.12 million by August 31, 2024 and monthly data consumption per user surged from 61.66 MB in 2014 to 17.36 GB in 2023. Rural teledensity stands at 59.05%, offering significant growth headroom.

Growth Drivers:

- 5G deployment is a major growth catalyst, with optical fiber acting as the backbone for high-speed, low-latency connectivity.
- Fiber is extensively used to connect 5G base stations to the core network, supporting large-scale data transmission between mobile devices and servers.
- Growth in cloud computing, IoT, and big data analytics is driving increased demand for robust fiber infrastructure.
- The FTTH (Fiber-to-the-Home) segment is seeing increasing adoption due to rising broadband needs.

-Indian Railway System Industry:

The Indian Railways is the fourth-largest railway network in the world. As of April 2024, the network spans 132,310 km, with 58,074 km electrified, and serves over 23 million passengers daily. The fleet of Vande Bharat trains is expanding, with 6 new trains launched in Sept 2024, increasing daily trips to 120 across 280 districts. Moreover, Plans include 75 Vande Bharat trains with seating and 500 sleeper trains by 2028 and 2,000 mail/express trains are being upgraded to Vande Bharat standards.

Rs. 7 lakh crore (~US\$ 83.91 billion) committed for new rail lines over the next decade. 5,200 km of new track annually is targeted as per Vision 2047. New line from Pandurangapuram to Malkangiri (290 km) under development at ₹7,383 crore (US\$885 million). Eight projects sanctioned totalling ₹24,657 crore (US\$2.96 billion). Additional six new lines in Odisha worth ₹15,000 crore (US\$1.80 billion) to connect 64 stations and 510 villages, benefiting 40 lakh people.

-Indian Telecom Industry:

India's telecom sector is the second largest in the world, with 1.2 billion subscribers as of August 2024, including wireless and wireline users. Total telephone connections increased from 933 million in 2014 to 1,200.07 million in Aug 2024. Urban teledensity: 132.94%; Rural teledensity: 59.05% (from 44% in 2014). India is expected to reach 920 million mobile users and 88 million 5G connections by 2025. 5G to contribute US\$450 billion to Indian GDP from 2023–2040.

-Government Initiatives:

- The Government targets 100% broadband connectivity in villages, 70% fiberisation of telecom towers, and 50 lakh km of OFC rollout by December 2025.
- Under Union Budget 2024–25, the Department of Telecommunications was allocated ₹116,342 crore, ₹2,40,200 crore as Gross Budgetary Support (GBS) for railways, ₹5,000 crore allocated for BharatNet, focused on rural broadband, ₹97,579.05 crore to DoT, and ₹405 crore allocated for telecom R&D.
- PLI Scheme for Large-Scale Electronics Manufacturing attracted ₹5,998 crore, supporting telecom component production.
- RailTel launched PM-WANI with 2,384 Wi-Fi hotspots in 22 states at 100 railway stations.

Key Management -

Key Management Persons Name -	Rama Kant Lakhoria
Age	61
Designation and No. of years of experience	Promoter, Chairman & Managing Director, 25+ years of experience
Qualification	B. Com.
Other Directorships	Simulated telecommunication India Pvt. Ltd, Golf Villa City Owners Association

Key Management Persons Name -	Simran Lakhoria
Age	27
Designation and No. of years of experience	Promoter and Whole - Time Director, 5+ years of experience
Qualification	B.A, PG in Family Business Management
Other Directorships	Nil

Key Management Persons Name -	Shree Kant Lakhoria
Age	61
Designation and No. of years of experience	Whole - Time Director, 22+ years of experience
Qualification	B.com, ICAI
Other Directorships	Nil

- There is **dual chairmanship** which is unfavourable.
- **Gargi Singh** is an independent director. Her qualifications include B.A, LLB, & LL.M. She has 10 years of experience.
- **Chandan Ambaly** is an independent director. His qualifications include B.Sc, PG in statistical quality control, & PG in business management. He has 30 years of experience.
- **Hirak Ghosh** is an independent director. His qualifications include ICSI, ICMA, LLB, M.Com, & MBA. He has 20 years of experience.
- **Sujay Das (CFO)** has 10 years of experience
- **Nidhi Sharma (CS & CO)** has a degree in B.Com and is a member of ICSI. She has 10 years of experience.

FINANCIAL SNAPSHOT

Statement of Profit and Loss

Amt in Lakhs.

Particulars	FY 23	FY 24	FY 25
Revenue from Operations	3,310.07	3,718.77	4,175.80
Other Income	12.39	29.09	71.52
Total Income	3,322.46	3,747.86	4,247.32
Expenses			
Cost of Materials Consumed	1,807.33	1,500.12	2,190.14
Change in Inventories of Finished Goods, WIP and Stock-in-Trade	-62.13	9.88	-475.16
Employee Benefit Expenses	147.66	146.07	193.71
Finance Cost	44.91	58.07	49.82
Depreciation and Amortization Expense	7.40	16.31	14.59
Other expenses	1,239.99	1,659.68	1,528.50
Total Expenses	3,185.16	3,390.13	3,501.60
EBITDA	177.22	403.02	738.61
EBITDA Margin	5.35%	10.84%	17.69%
Profit/(Loss) before tax	137.30	357.73	745.72
Tax Expense			
Current tax	35.73	90.31	191.77
Deferred Tax	-6.77	6.26	1.02
Total Tax	28.96	96.57	192.79
Profit/(Loss) for the Year	108.34	261.16	552.93
Net Profit Margin	3.27%	7.02%	13.24%

Statement of Assets and Liabilities

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
EQUITY AND LIABILITIES			
1. Shareholder's Funds			
Share Capital	16.00	16.00	950.33
Reserves and Surplus	676.40	937.56	696.16
Total Equity	692.40	953.56	1,646.49
2. Non-Current Liabilities			
Long-term Borrowings	223.00	262.73	100.59
Total Non-Current liabilities	223.00	262.73	100.59
3. Current Liabilities			
Short-term Borrowings	168.16	195.94	393.68
Trade Payables			
(a) MSME	1.17	-	-
(b) Other Than MSME	460.44	351.49	441.60
Other Current Liabilities	51.95	81.19	81.20
Short-term Provisions	43.06	98.84	201.21
Total Current liabilities	724.78	727.46	1,117.69
Total Liabilities	947.78	990.19	1,218.28
Total Equity and Liabilities	1,640.18	1,943.75	2,864.77
ASSETS			
1. Non-Current Assets			
Property, Plant and Equipment	116.16	123.90	115.53
Intangible Assets	0.02	0.02	0.02
Capital Work in Progress	11.79	5.53	4.51
Deferred Tax Assets (net)	16.00	16.00	950.33

Particulars	FY 22	FY 23	FY 24
Other Non- Current Assets	403.37	223.72	535.84
Total Non-Current assets	531.34	353.17	655.90
2. Current Assets			
Inventories	1.58	-	-
Trade Receivables	87.53	83.69	545.91
Cash and Bank Balance	766.17	835.95	1,030.58
Short Term Loans and Advances	10.54	281.23	142.72
Other Current Assets	242.33	389.14	489.31
Total Current assets	0.69	0.57	0.35
Total Assets	1,108.84	1,590.58	2,208.87

Cash Flow Statement	Amt in Lakhs.		
Particulars	FY 23	FY 24	FY 25
Net Cash Flow from Operating Activities	-140.94	82.82	12.15
Net Cash Flow from Investing Activities	-169.43	178.98	276.45
Net Cash Flow from Financing Activities	133.39	9.43	125.79

Key Ratios							
Per Share Data				Valuation Ratios (x)			
FY 23	FY 24	FY 25		FY 23	FY 24	FY 25	
Diluted EPS	1.15	2.77	5.85	EV/EBITDA	6.05	2.81	2.71
BV per share	432.75	595.98	17.33	Market Cap / Sales	0.03	0.03	1.55
Operating Ratios				P/E	59.13	24.55	11.62
EBITDA Margin	5.35%	10.84%	17.69%	Price to Book Value	0.16	0.11	3.92
NP Margin	3.27%	7.02%	13.24%	Solvency Ratios			
Inventory days	9.65	8.21	47.72	Debt / Equity	0.56	0.48	0.30
Debtor days	84.49	82.05	90.08	Current Ratio	1.53	2.19	1.98
Creditor days	92.49	85.18	74.03	Quick Ratio	1.41	2.07	1.49
Return Ratios				Asset Turnover	2.02	1.91	1.46
RoCE	18.55%	31.79%	41.44%	Interest Coverage Ratio	3.78	6.66	14.53
RoE	15.65%	27.39%	33.58%				

INTERPRETATION –

- Revenue from operations grew by 12.35% and 12.29% in FY 24 and 25 respectively. EBITDA grew by 127.41% and 84.27% during the same period. PAT increased by 141.06% and 111.72%. All these figures show an increase in profitability of the company every year
- There has also been a consistent increase in the EBITDA and PAT margins of the company. The margins increased in FY 24 due to fall in cost of materials consumed and employee benefit expenses. The same increased further in FY 25 due to changes in inventory
- The decrease in cost of materials consumed in FY 24 is due to availing trade discounts on bulk orders.
- The sudden decrease in inventories during FY 25 is primarily due to change in WIP inventory as a lot of projects were ongoing at that time.
- The reason for a drop in employee benefit expenses in FY 24 is due to a decrease in staff welfare expenses by 58.86% and a decrease in director's remuneration by 24.02%.
- Decrease in finance cost in FY 25 is due to repayment of borrowings worth ₹162.14 Lakhs
- Decrease in depreciation in FY 25 is due to diminution in value of block of PPE and a vehicle was sold during that period with gross value of ₹6.76 Lakhs.
- High debtor and creditor days is primarily due to high accounts payables and accounts receivables.
- The return ratios show healthy growth of the company.

LEAD MANAGER TRACK RECORD –

The lead manager to the issue is **Affinity Global Capital Market Private Limited**.
A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

Affinity Global Capital Market Private Limited-

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Vdeal System Limited	18.08	112	Sep 03, 2024	146.05
2.	Atmastco Limited	56.25	77	Feb 23, 2024	188.8
3.	Jiwanram Sheoduttrai Industries Limited	17.07	23	Sep 18, 2023	10.2
4.	Auro Impex & Chemicals Limited	27.07	78	May 23, 2023	45.2

*CMP for the above-mentioned companies is taken as of 25th June 2025.
As per the offer document, Auro Impex & Chemicals Limited was listed at a discount. Rest all the other mentioned mandates have opened at a premium on the listing day.

Recommendation -

The company was incorporated on Jul 12, 2004 and has good experience in the industry.

It has a post issue P/E of 16. It means that the shares are slightly overpriced however, compared to its competitors and industry average P/E as given in the RHP, it is aptly priced.

The company derives majority of its revenue by providing its services to the railway sector. The railway sector's contribution to the company's revenue from operations stood at 94.9%, 89.17%, & 89.24% for the financial years ended 23, 24 & 25 respectively. Moreover, top 10 government customers contributed 92%, 91%, 93.84% to the company's revenue from operations in FY 23, FY 24, and FY 25. The risks are mitigated by the government's focus on the railway sector so stable demand can be expected in the future.

The company has shown a strong financial performance throughout the years through an increase in not only its revenue figures but also operating margins. However, in an attempt to cut costs, the company reduced its staff welfare expenses by 58.86% in FY 24 and the company has only 40 permanent employees.

There is buyer and supplier concentration faced by the company along with various outstanding litigations against the company.

Thus, investors can stay **NEUTRAL** to this IPO for now.

Disclaimer

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