

# IPOs for 2 rail PSUs by end-March

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The government is planning initial public offerings (IPOs) of equity for two railway subsidiaries, Indian Railway Finance Corporation (IRFC) and Rail Vikas Nigam (RVNL), this financial year, in an effort to meet its disinvestment target of ₹800 billion for 2018-19.

With the addressing of IRFC's earlier tax issues, a senior official with the Department of Investment and Public Asset Management (Dipam) told *Business Standard* that the plan was to also list it and RVNL on the bourses in the January-March quarter.

In February, the Ministry of Corporate Affairs had waived an accumulated ₹63.92 billion in deferred tax liability for IRFC. This was a major block to the listing of IRFC, whose mandate includes borrowing for Indian Railways (IR). The waiver has increased the company's net worth and will enable it to raise debt on its



## KEY FINANCIALS

(Figures in ₹billion, for FY18)

### IRFC

Total income:	Net profit:
<b>111.98</b>	<b>21.62</b>

### RVNL

Total income:	Net profit:
<b>77.81</b>	<b>4.69</b>

Source: Indian Railways

books to the extent of 10 times its net worth. According to the IR, this will enable IRFC to raise an additional ₹630 billion in debt.

The government is likely to divest 10 per cent each in RVNL and IRFC. Its revenue from the RVNL stake sale is likely to be around ₹6.5 billion; IRFC might get more, said an official.

According to Dipam, the

government has realised ₹340 billion as disinvestment proceeds till December 11. With almost four months to go before the financial year ends, another ₹460 billion is needed for the target of ₹800 billion. Two other railway companies of the government, RITES and Ircon International, had issued IPOs earlier this year.

Turn to Page 6 ▶

## IPOs...



Another major railway listing, possibly the largest, will be in 2019-20, of Indian Railway Catering and Tourism Corporation (IRCTC). Railways Minister Piyush Goyal had asked for this to be not done this year, on valuation issues. The waiver of service charge on e-ticketing by the government, after demonetisation, had wiped out ₹5 billion in annual revenue for IRCTC. Later, the finance ministry had only reimbursed ₹800 million on this.

The prospects for an IRCTC listing had improved after it was able to overcome the hit from this service charge waiver and had posted a profit before tax of ₹3.41 billion for 2017-18, up 3 per cent from 2016-17. Due to the waiver, the revenue from internet ticketing was ₹2.04 billion for the year, compared to ₹4.7 billion in 2016-17.

"The improvement in finances was because of utilising the website for advertising, data monetisation, e-auctioning and retail management. The company also saw an increase in revenue from its catering business and sale of Rail Neer (the bottled water brand of IRCTC)," said an official. There was a 4.2 per cent increase in sales revenue from Rail Neer and a 21.8 per cent increase in revenue from catering.