

5th February 2021

CMP – ₹1523.4/-

View – BUY

Quarterly Result Highlights

- **QoQ strong performance across segments** – Revenues declined 68.7% YoY/+153% QoQ to ₹2,244mn. Revenues from Internet Ticketing declined 37.0% YoY/+185% QoQ to ₹1,430mn. Catering revenues declined 81.8% YoY/+145 QoQ to ₹490mn. Rail Neer sales declined 71.1% YoY/+84% QoQ to ₹169mn while Tourism revenues were worst hit registering a decline of 83.7%YoY/+297% QoQ to ₹155mn. State Teertha revenues were NIL. With ~55mn tickets being booked in Q3FY21 through internet ticketing resulting in convenience fee income of ₹950mn, its share of over-all reserved railway tickets booked has increased to 91-92% levels compared to 73% in FY20. IRCTC has benefited from seats in erstwhile unreserved compartments in the mail trains being converted into reserved 2S seats. Bookings for these seats were ~30% of the tickets booked in Q3FY21. Further, the share of payments through UPI has increased to 22-23% levels from 15% levels in FY20 resulting avg. service charge/ticket declining to ₹17.3 compared to ₹20.4 in FY20. Currently ~400 trains are plying representing 35-40% of total capacity.
- **All divisions report EBIT loss except Internet ticketing** - EBITDA saw a sharp improvement of ₹946mn compared to loss of ₹56mn in Q2FY21.Q3FY21 EBIT margin also hit a new high of 37.9% compared to loss in Q2. Except for Internet Ticketing which reported EBIT of ₹1,091mn (has low fixed overheads), all the other three segments- Catering, Rail Neer and Tourism & State Teertha reported EBIT loss of ₹79mn/₹20mn/₹114mn respectively.Further, due to higher share in revenue it contributed ~75% of the incremental EBIT QoQ at the company level. Currently ~750-800k tickets are booked per day. Pre-COVID the figure was ~900-950k tickets per day.The QoQ increase in loss in the tourism segment, due to operations of Tejas trains for part of the quarter, was offset by lower losses in Railneer. In Dec'21, two Bharat Darshan trains operated at ~90% occupancy. By end of FY21, the company plans to complete 14 tours (each tour carries ~700-800 tourists)
- **E-Catering services resumed on 01 February 2021** – E-catering services have resumed from 01 February 2021, the impact of which will be reflected once normalcy resumes since currently only pre-cooked/pre-packaged meals are served along with tariff hike proposed.

Important Statistics

MCAP (₹bn)	243.74
52 Week H/L (₹)	1995/775
NSE Code	IRCTC
BSE Code	542830

Financials

Particulars	FY		
	FY19	FY20	9MFY21
Revenue	18,700	22,755	4,443
EBITDA	3,832	7,134	452
<i>EBITDA Margin(%)</i>	<i>20.5</i>	<i>31.4</i>	<i>10.2</i>
Net Profit	2,712	5,275	861
EPS (₹)	14.6	32.2	5.4
DPS (₹)	7.6	10.5	
P/E (x)	104.3	47.3	
EV/EBITDA(x)	60.0	32.0	
P/BV (x)	24.5	17.6	
RoE (%)	23.4	44.4	
RoCE (%)	35.5	56.8	

Source: Company Filing, Way2wealth Research

Shareholding pattern (%)

	Dec'20
Promoter	67.4
DII	7.6
FII	8.4
Public &Others	16.6

View

YoY impact of COVID was quite evident on IRCTC business segments; it has shown meaningful QoQ improvement in terms of revenue and profitability. In the near term, conversion of certain unreserved to reserved seats is beneficial. In the near to medium term, we expect online migration to pick up immediately post-COVID due to social distancing norms. On a longer term perspective once ticket booking reaches per-COVID levels there is strong potential from E-catering service apart from the privatisation of passengers trains proposed. Hence, we continue to view it as **BUY**.

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Financial Performance

									(₹mn)
Particulars	Q3FY21	Q3FY20	YoY (%)	Q2FY21	QoQ (%)	9MFY21	9MFY20	YoY (%)	
Revenue	2,244	7,160	(68.7)	886	153.3	4,443	16,886	(73.7)	
EBITDA	946	2,657	(64.4)	(56)	1,789.3	452	5,115	(91.2)	
EBITDA Margin (%)	42.2	37.1		(6.3)		10.2	30.3		
Net Profit	781	2,058	(62.1)	326	139.6	861	3,780	(77.2)	
EPS (₹)	4.9	12.9		2.0		5.4	23.6		

Source: Company Filing, Way2wealth Research

Segmental Break up

									(₹ mn)
Revenue	Q3FY21	Q3FY20	YoY (%)	Q2FY21	QoQ (%)	9MFY21	9MFY20	YoY (%)	
Catering	490	2,692	(81.8)	172	184.9	1,561	8,079	(80.7)	
<i>% of Total Revenue</i>	21.8	37.6		19.4		35.1	47.8		
Internet Ticketing	1,430	2,269	(37.0)	583	145.3	2,366	4,262	(44.5)	
<i>% of Total Revenue</i>	63.7	31.7		65.8		53.3	25.2		
Tourism	155	949	(83.7)	39	297.4	224	1,933	(88.4)	
<i>% of Total Revenue</i>	6.9	13.3		4.4		5.0	11.4		
Rail Neer	169	586	(71.2)	92	83.7	294	1,710	(82.8)	
<i>% of Total Revenue</i>	7.5	8.2		10.4		6.6	10.1		
State Teertha	-	664	(100.0)	-	-	0	904	(100.0)	
<i>% of Total Revenue</i>	-	9.3		-		-	5.4		

Source: Company Filing, Way2wealth Research

EBIT	Q3FY21	Q3FY20	YoY (%)	Q2FY21	QoQ (%)	9MFY21	9MFY20	YoY (%)
Catering	(79)	298	(126.5)	(205)	(61.5)	(771)	906	(185.1)
<i>Margin (%)</i>	(16.1)	11.1		(119.2)		(49.4)	11.2	
Internet Ticketing	1,091	1,934	(43.6)	613	78.0	1,796	3,402	(47.2)
<i>Margin (%)</i>	76.3	85.2		105.1		75.9	79.8	
Tourism	(114)	84	(235.7)	(87)	31.0	(281)	107	(362.6)
<i>Margin (%)</i>	(73.5)	8.9		(223.1)		(125.4)	5.5	
Rail Neer	(20)	145	(113.8)	(23)	(13.0)	(48)	365	(113.2)
<i>Margin (%)</i>	(11.8)	24.7		(25.0)		(16.3)	21.3	
State Teertha	-	96	(100.0)	-	-	-	148	(100.0)
<i>Margin (%)</i>	-	14.5		-		-	16.4	

Source: Company Filing, Way2wealth Research

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Disclosure of Interest Statement Indian Railway Catering and Tourism Corporation Ltd (IRCTC) as on 05 February 2021

Name of the Security	Indian Railway Catering and Tourism Corporation Ltd (IRCTC)
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	Yes
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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