

July 1, 2021

Q4FY21 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	BUY		BUY	
Target Price	2,329		2,179	
Sales (Rs. m)	16,330	32,420	30,339	33,425
% Chng.	(46.2)	(3.0)		
EBITDA (Rs. m)	6,730	12,077	11,115	12,358
% Chng.	(39.4)	(2.3)		
EPS (Rs.)	33.4	59.1	55.2	61.6
% Chng.	(39.4)	(4.0)		

Key Financials - Standalone

Y/e Mar	FY20	FY21	FY22E	FY23E
Sales (Rs. m)	22,643	7,831	16,330	32,420
EBITDA (Rs. m)	7,003	1,915	6,730	12,077
Margin (%)	30.9	24.5	41.2	37.3
PAT (Rs. m)	5,109	1,517	5,350	9,456
EPS (Rs.)	31.9	9.5	33.4	59.1
Gr. (%)	118.5	(70.3)	252.6	76.7
DPS (Rs.)	12.5	5.0	10.0	17.7
Yield (%)	0.6	0.2	0.5	0.9
RoE (%)	43.4	10.9	32.3	43.5
RoCE (%)	56.0	10.4	37.7	53.0
EV/Sales (x)	13.8	39.7	18.9	9.5
EV/EBITDA (x)	44.6	162.3	46.0	25.5
PE (x)	63.7	214.5	60.8	34.4
P/BV (x)	24.8	22.2	17.7	13.0

Key Data

INIR.BO | IRCTC IN

52-W High / Low	Rs.2,184 / Rs.1,290
Sensex / Nifty	52,483 / 15,722
Market Cap	Rs.325bn/ \$ 4,378m
Shares Outstanding	160m
3M Avg. Daily Value	Rs.5264.9m

Shareholding Pattern (%)

Promoter's	67.40
Foreign	8.17
Domestic Institution	10.34
Public & Others	14.10
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	6.9	41.5	49.7
Relative	5.8	28.7	(0.4)

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Ticketing volumes key to recovery

Quick Pointers:

- ~90mn tickets were booked online resulting in convenience fee income of Rs1.5bn in 4QFY21.
- Currently ~1,500 trains and ~250 pantry cars (out of 417) are operational.

While our FY22E estimates have undergone a massive revision as travel is disrupted due to 2nd wave our FY23E estimates are broadly intact as we expect ticketing volumes to breach pre-COVID levels amid incremental delta coming in from conversion of certain unreserved coaches into the reserved category. Additional volume lever is not ruled out from rise in e-booking penetration (reached ~90%+ amid COVID; up from ~70-75% levels prevailing pre-COVID) as it can be sticky in nature. On the catering front, we believe even if complete migration happens towards ready-to-eat (RTE) meals post-COVID, there may not be substantial business loss as RTE menu has already been expanded. We continue to maintain our positive stance on the stock and arrive at a revised TP of Rs2,329 (Rs2,179 earlier) as we increase our P/E multiple to 38x (36x earlier) and roll forward our valuation to Sep 23E. Earnings optionality arising from 1) railway privatization (IRCTC has qualified for 11 clusters) 2) non-convenience income (especially pertaining to payment gateway) and 3) potential in e-catering business (commission increased from 12% to 15%) gives us additional comfort. Retain BUY.

Top-line declines 41.2% YoY: Revenues declined 41.2% YoY to Rs3,388mn (PLe of Rs3,686mn). Revenues from Internet Ticketing increased 9.5% YoY to Rs2,120mn. Catering revenues declined 70.1% YoY to Rs647mn. Rail Neer sales declined 45.5% YoY to Rs278mn while Tourism revenues registered a decline of 69.0%YoY to Rs316mn. State Teertha revenues were NIL.

Except for Internet Ticketing, all divisions report EBIT loss: EBITDA declined 22.5% YoY to Rs1,463mn (PLe of Rs1,785mn) with a margin of 43.2%. Except for Internet Ticketing which reported EBIT margin of 81.9%(has low fixed overheads), the other 3 segments viz; Catering, Rail Neer and Tourism & State Teertha reported EBIT loss of Rs72mn/Rs6mn/Rs422mn respectively.

Con-call highlights: 1) Only RTE meals are being served currently 2) ~174mn tickets have been booked online in FY21 resulting in convenience revenue of ~Rs3bn 3) Income from payment gateway (I-Pay) was Rs150mn in FY21 (Rs280mn in FY20). Ad-revenue was ~Rs97mn in FY21 4) Share of UPI transactions stood at 24% 5) Commission on e-catering has increased from 12% to 15% 6) Provisioning of Rs280mn is made in the tourism division pertaining to fixed & haulage charges payable to IRs. Force majeure has been invoked and the provision may get reversed in future 7) Rs900-1000mn of capex is to be incurred in FY22 for IT modernization 8) Rail Neer capacity has increased from 1.4mn liters per day to 1.6mn liters per day post operationalization of new plants 9) RFQ date for railway privatization has been extended and IRCTC has qualified for 11 clusters.



Exhibit 1: Q4FY21 Result Overview (Rs mn)

Y/e March	Q4FY21	Q4FY20	YoY gr.	Q3FY21	QoQ gr.	FY21	FY20	YoY gr.
Net sales	3,388	5,757	-41.2%	2,244	51.0%	7,831	22,643	-65.4%
Total raw material cost	191	254	-24.7%	155	23.2%	479	1,380	-65.3%
<i>As a % of sales</i>	<i>5.6%</i>	<i>4.4%</i>		<i>6.9%</i>		<i>6.1%</i>	<i>6.1%</i>	
Expenses of catering	164	1,457	-88.7%	169	-2.8%	1,090	6,729	-83.8%
<i>As a % of sales</i>	<i>4.8%</i>	<i>25.3%</i>		<i>7.5%</i>		<i>13.9%</i>	<i>29.7%</i>	
Expenses of tourism	500	768	-34.8%	133	276.2%	690	2,869	-76.0%
<i>As a % of sales</i>	<i>14.8%</i>	<i>13.3%</i>		<i>5.9%</i>		<i>8.8%</i>	<i>12.7%</i>	
Manufacturing & direct expenses	189	280	-32.4%	199	-4.8%	627	971	-35.4%
<i>As a % of sales</i>	<i>5.6%</i>	<i>4.9%</i>		<i>8.9%</i>		<i>8.0%</i>	<i>4.3%</i>	
Employee expenses	553	686	-19.4%	508	8.9%	2,066	2,441	-15.4%
<i>As a % of sales</i>	<i>16.3%</i>	<i>11.9%</i>		<i>22.6%</i>		<i>26.4%</i>	<i>10.8%</i>	
Other expenses	327	425	-23.1%	134	144.8%	964	1,250	-22.9%
<i>As a % of sales</i>	<i>9.6%</i>	<i>7.4%</i>		<i>6.0%</i>		<i>12.3%</i>	<i>5.5%</i>	
EBITDA	1,463	1,888	-22.5%	946	54.6%	1,915	7,003	-72.7%
<i>EBITDA margin</i>	<i>43.2%</i>	<i>32.8%</i>		<i>42.2%</i>		<i>24.5%</i>	<i>30.9%</i>	
Depreciation	187	107	75.7%	96	94.8%	463	402	15.1%
EBIT	1,276	1,782	-28.4%	850	50.0%	1,452	6,601	-78.0%
EBIT margin	37.7%	30.9%		37.9%		18.5%	29.2%	
Interest cost	37	54	-30.2%	14	167.4%	81	98	-16.5%
Other income	195	200	-2.6%	209	-6.7%	856	781	9.7%
PBT	1,433	1,928	-25.7%	1,045	37.1%	2,227	7,285	-69.4%
Exceptional items	(41)	4	NM	(1)	NM	382	11	3326.2%
Tax expenses	354	581	-39.0%	263	34.6%	710	2,165	-67.2%
<i>Tax rate</i>	<i>25%</i>	<i>30%</i>		<i>25.2%</i>		<i>27.2%</i>	<i>29.7%</i>	
PAT	1,038	1,351	-23.2%	781	32.9%	1,899	5,131	-63.0%
<i>PAT margin</i>	<i>30.6%</i>	<i>23.5%</i>		<i>34.8%</i>		<i>24.3%</i>	<i>22.7%</i>	
EPS (Rs)	6.5	8.4	-23.0%	4.9	32.9%	11.9	32.1	-63.0%
Adj. PAT	1,079	1,347	-19.9%	782	38.0%	1,517	5,120	-70.4%

Source: Company, PL



Exhibit 2: Segmental Breakup (Rs mn)

Y/e March	Q4FY21	Q4FY20	YoY gr.	Q3FY21	QoQ gr.	FY21	FY20	YoY gr.
Catering								
Revenue	674	2,254	-70.1%	490	37.7%	2,234	10,332	-78.4%
<i>As a % of sales</i>	<i>19.9%</i>	<i>39.1%</i>		<i>21.8%</i>		<i>28.5%</i>	<i>45.6%</i>	
EBIT	(72)	167	NM	(79)	NM	(843)	1,073	NM
<i>EBIT margin</i>	<i>NM</i>	<i>7.4%</i>		<i>NM</i>		<i>NM</i>	<i>10.4%</i>	
Internet ticketing								
Revenue	2,120	1,936	9.5%	1,430	48.2%	4,486	6,198	-27.6%
<i>As a % of sales</i>	<i>62.6%</i>	<i>33.6%</i>		<i>63.7%</i>		<i>57.3%</i>	<i>27.4%</i>	
EBIT	1,737	1,525	13.9%	1,091	59.2%	3,532	4,927	-28.3%
<i>EBIT margin</i>	<i>81.9%</i>	<i>78.8%</i>		<i>76.3%</i>		<i>78.7%</i>	<i>79.5%</i>	
Tourism								
Revenue	316	1,020	-69.0%	155	104.3%	538	2,952	-81.8%
<i>As a % of sales</i>	<i>9.3%</i>	<i>17.7%</i>		<i>6.9%</i>		<i>6.9%</i>	<i>13.0%</i>	
EBIT	(422)	(1.3)	NM	(114)	NM	(704)	106	NM
<i>EBIT margin</i>	<i>NM</i>	<i>NM</i>		<i>NM</i>		<i>NM</i>	<i>3.6%</i>	
State Teertha								
Revenue	-	37	NM	-	NM	-	941	-100.0%
<i>As a % of sales</i>	<i>NM</i>	<i>0.6%</i>		<i>NM</i>		<i>NM</i>	<i>4.2%</i>	
EBIT	-	(4)	NM	-	NM	-	144	-100.0%
<i>EBIT margin</i>	<i>NM</i>	<i>NM</i>		<i>NM</i>		<i>NM</i>	<i>15.3%</i>	
Rail Neer								
Revenue	278	510	-45.5%	169	64.2%	572	2,220	-74.2%
<i>As a % of sales</i>	<i>8.2%</i>	<i>8.9%</i>		<i>7.5%</i>		<i>7.3%</i>	<i>9.8%</i>	
EBIT	(6)	149	NM	(20)	NM	(54)	514	NM
<i>EBIT margin</i>	<i>NM</i>	<i>29.3%</i>		<i>NM</i>		<i>NM</i>	<i>23.2%</i>	
Total revenues	3,388	5,757	-41.2%	2,244	51.0%	7,831	22,643	-65.4%

Source: Company, PL



Financials

Income Statement (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Net Revenues	22,643	7,831	16,330	32,420
YoY gr. (%)	21.1	(65.4)	108.5	98.5
Cost of Goods Sold	1,380	479	966	2,309
Gross Profit	21,263	7,352	15,364	30,111
Margin (%)	93.9	93.9	94.1	92.9
Employee Cost	2,441	2,066	2,450	2,853
Other Expenses	1,250	964	1,110	1,556
EBITDA	7,003	1,915	6,730	12,077
YoY gr. (%)	82.8	(72.7)	251.4	79.5
Margin (%)	30.9	24.5	41.2	37.3
Depreciation and Amortization	402	463	498	568
EBIT	6,601	1,452	6,232	11,509
Margin (%)	29.2	18.5	38.2	35.5
Net Interest	98	81	49	52
Other Income	781	856	950	1,150
Profit Before Tax	7,285	2,609	7,133	12,608
Margin (%)	32.2	33.3	43.7	38.9
Total Tax	2,165	710	1,783	3,152
Effective tax rate (%)	29.7	27.2	25.0	25.0
Profit after tax	5,120	1,899	5,350	9,456
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	5,109	1,517	5,350	9,456
YoY gr. (%)	118.5	(70.3)	252.6	76.7
Margin (%)	22.6	19.4	32.8	29.2
Extra Ord. Income / (Exp)	11	382	-	-
Reported PAT	5,120	1,899	5,350	9,456
YoY gr. (%)	88.8	(62.9)	181.7	76.7
Margin (%)	22.6	24.3	32.8	29.2
Other Comprehensive Income	(37)	32	-	-
Total Comprehensive Income	5,083	1,931	5,350	9,456
Equity Shares O/s (m)	160	160	160	160
EPS (Rs)	31.9	9.5	33.4	59.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Non-Current Assets				
Gross Block	4,781	5,497	6,197	7,097
Tangibles	4,308	5,001	5,701	6,601
Intangibles	473	496	496	496
Acc: Dep / Amortization	2,208	2,670	3,168	3,736
Tangibles	1,779	2,241	2,739	3,307
Intangibles	429	429	429	429
Net fixed assets	2,573	2,826	3,029	3,361
Tangibles	2,530	2,759	2,962	3,294
Intangibles	43	67	67	67
Capital Work In Progress	162	243	243	243
Goodwill	-	-	-	-
Non-Current Investments	277	276	276	276
Net Deferred tax assets	667	719	856	1,009
Other Non-Current Assets	263	347	408	454
Current Assets				
Investments	-	-	-	-
Inventories	98	65	89	178
Trade receivables	7,779	5,400	5,145	10,214
Cash & Bank Balance	12,964	14,605	16,142	17,273
Other Current Assets	6,034	6,036	7,777	10,104
Total Assets	32,415	31,660	35,223	44,377
Equity				
Equity Share Capital	1,600	1,600	1,600	1,600
Other Equity	11,538	13,070	16,815	23,434
Total Network	13,138	14,670	18,415	25,034
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	723	726	817	810
Other non current liabilities	78	86	114	130
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	1,705	1,803	1,342	2,398
Other current liabilities	15,964	13,575	13,719	15,194
Total Equity & Liabilities	32,415	31,660	35,223	44,377

Source: Company Data, PL Research



Indian Railway Catering and Tourism Corporation

Cash Flow (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
PBT	7,296	2,609	7,133	12,608
Add. Depreciation	402	463	498	568
Add. Interest	-	-	-	-
Less Financial Other Income	781	856	950	1,150
Add. Other	(481)	(631)	-	-
Op. profit before WC changes	7,217	2,441	7,631	13,175
Net Changes-WC	(557)	702	(2,005)	(5,156)
Direct tax	(2,569)	(670)	(1,783)	(3,152)
Net cash from Op. activities	4,091	2,473	3,843	4,868
Capital expenditures	(348)	(772)	(700)	(900)
Interest / Dividend Income	661	512	-	-
Others	(228)	(4,268)	-	-
Net Cash from Inv. activities	84	(4,529)	(700)	(900)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(2,681)	(400)	(1,605)	(2,837)
Interest paid	-	-	-	-
Others	(121)	(68)	-	-
Net cash from Fin. activities	(2,802)	(468)	(1,605)	(2,837)
Net change in cash	1,373	(2,524)	1,538	1,131
Free Cash Flow	3,738	1,699	3,143	3,968

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY20	FY21	FY22E	FY23E
Per Share(Rs)				
EPS	31.9	9.5	33.4	59.1
CEPS	34.4	12.4	36.5	62.6
BVPS	82.1	91.7	115.1	156.5
FCF	23.4	10.6	19.6	24.8
DPS	12.5	5.0	10.0	17.7
Return Ratio(%)				
RoCE	56.0	10.4	37.7	53.0
ROIC	(392.9)	(150.8)	1,169.8	193.9
RoE	43.4	10.9	32.3	43.5
Balance Sheet				
Net Debt : Equity (x)	(1.0)	(1.0)	(0.9)	(0.7)
Net Working Capital (Days)	99	171	87	90
Valuation(x)				
PER	63.7	214.5	60.8	34.4
P/B	24.8	22.2	17.7	13.0
P/CEPS	59.0	164.3	55.6	32.5
EV/EBITDA	44.6	162.3	46.0	25.5
EV/Sales	13.8	39.7	18.9	9.5
Dividend Yield (%)	0.6	0.2	0.5	0.9

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Net Revenue	1,313	886	2,244	3,388
YoY gr. (%)	(71.4)	(82.7)	(68.7)	(41.2)
Raw Material Expenses	87	46	155	191
Gross Profit	1,227	839	2,089	3,197
Margin (%)	93.4	94.8	93.1	94.4
EBITDA	(439)	(56)	946	1,463
YoY gr. (%)	NA	NA	NA	(22.5)
Margin (%)	NA	NA	42.2	43.2
Depreciation / Depletion	90	89	96	187
EBIT	(529)	(145)	850	1,276
Margin (%)	NA	NA	37.9	37.7
Net Interest	17	13	14	37
Other Income	251	202	209	195
Profit before Tax	(294)	43	1,045	1,433
Margin (%)	NA	4.9	46.6	42.3
Total Tax	(48)	140	263	354
Effective tax rate (%)	16.3	325.8	25.2	24.7
Profit after Tax	(246)	(97)	782	1,079
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	(246)	(97)	782	1,079
YoY gr. (%)	NA	NA	NA	(20.2)
Margin (%)	NA	NA	34.8	31.8
Extra Ord. Income / (Exp)	-	424	(1)	(41)
Reported PAT	(246)	326	781	1,038
YoY gr. (%)	NA	NA	(62.1)	(23.2)
Margin (%)	NA	36.9	34.8	30.6
Other Comprehensive Income	(6)	15	(6)	29
Total Comprehensive Income	(252)	341	775	1,067
Avg. Shares O/s (m)	160	160	160	160
EPS (Rs)	(1.5)	(0.6)	4.9	6.7

Source: Company Data, PL Research



Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Apr-21	BUY	2,179	1,707
2	04-Mar-21	BUY	2,179	1,961
3	29-Jan-21	BUY	1,639	1,456
4	11-Jan-21	BUY	1,629	1,472
5	13-Nov-20	BUY	1,629	1,380
6	09-Oct-20	BUY	1,647	1,356
7	14-Sep-20	BUY	1,645	1,368
8	11-Jul-20	Accumulate	1,495	1,401

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Dish TV India	NR	-	74
2	Entertainment Network (India)	Hold	193	185
3	Indian Railway Catering and Tourism Corporation	BUY	2,179	1,707
4	Inox Leisure	BUY	368	318
5	Music Broadcast	Hold	23	24
6	Navneet Education	Accumulate	92	85
7	PVR	BUY	1,589	1,387
8	S Chand and Company	BUY	146	122
9	V.I.P. Industries	Hold	376	366
10	Zee Entertainment Enterprises	BUY	278	192

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly



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