

Q1-FY22 Result Update

- ❑ Indian Railway Catering and Tourism Corporation Ltd (IRCTC) has reported consolidated revenue of ₹2,434 million in Q1-FY22 as against ₹1,313 million in Q1-FY21, an increase of 85.3% YoY. All segment saw Revenue pickup during the quarter.
- ❑ On profitability front, the company's EBITDA margins have improved to 45.8% at ₹1,115 million in Q1-FY22 as against loss of ₹(439) million during Q1-FY20. On sequential basis the company saw a rise in EBITDA Margin of ~300 basis points. The company has reported net profit of ₹825 million in Q1-FY22 as against loss of ₹(246.1) million in Q1-FY21.
- ❑ Catering Segment reported revenue of ₹567.2 million (₹440 million from license Fees) during Q1FY22 as against ₹899 million during Q1FY21. The segment was severely hit by pandemic however the revenue saw moderation and the segment also saw good decline in losses. EBIT came in at ₹(46.7) million during the quarter. The company is currently providing catering services on 572 trains as compared to 430 trains earlier.
- ❑ Rail Neer Segment recorded revenue growth of 8x to ₹293 million during Q1FY22 as against ₹32 million during Q1FY21. On account of low base the segment saw exponential growth YoY however it was the only segment to record sequential growth in revenue. EBIT came in at ₹18 million during Q1FY22 as against loss ₹(4.7) million during Q1FY21. Rail neer segment reported positive EBIT after losses in previous 4 quarters. The present capacity of the company is 1.48 million litre per day with production of ~32 to 35% during Q1FY22 due to impact of Covid in April and May. As on June 2021, the company had 14 operational plants and it has added one more plant at Pune in July.
- ❑ Internet Ticketing segment saw increase in Revenue to ₹1,499 million during Q1FY22 as against ₹352 million during Q1FY21, a growth of ~3x y/y on account of lower base quarter however the company saw sequential revenue decline on account of impacted ticketing volume due to second Wave. Convenience fees account for 61% of overall segment revenue while non convenience fees having 39% share. EBIT was recorded at ₹1,168 million during Q1FY22 as against ₹91.6 million during Q1FY21. During the quarter, number of tickets booked were 63.7mn and the number of passenger count was at 81 mn.
- ❑ Tourism Segment recorded revenue of ₹74 million during Q1FY22 as against ₹29 million during Q1FY21, a growth of ~151% y/y. The company recorded EBIT loss of ₹(145.3) million during Q1FY22 as against loss of ₹(79.9) million during Q1FY21.
- ❑ Company is enjoying virtual monopoly with its business model offering major tourism related services on all aspects under one roof. Considering, the company's strong earnings profile, diversified business segment, healthy return ratio, debt free status and most importantly high entry barrier to the business with reasonable valuation, we recommend a **Hold** rating on the stock with a target price of **Rs. 2,850 per share**.

Quarterly Results

(In ₹ mn)	Q1-FY22	Q1-FY21	Chg	FY21	FY20	Chg
Net Sales	2,434	1,313	85.3%	7,831	22,755	-65.6%
Operating Expense	1,319	1,752	-24.7%	5,928	15,638	-62.1%
EBITDA	1,115	(439)	-354.2%	1,903	7,117	-73.3%
Other Income	146	251		856	798	
Depreciation	112	90		463	399	
EBIT	1,149	(277)	-514.4%	2,296	7,515	-69.4%
Interest	38	17		82	73	
PBT	1,111	(294)	-477.9%	2,215	7,442	-70.2%
Tax	286	(48)		710	2,168	
Exceptional Items	-	0		394	11	
PAT	825	(246)	-435.4%	1,899	5,286	-64.1%
Minority /Other Adj.	-	-		-	-	
Consolidated PAT	825	(246)	-435.4%	1,899	5,286	-64.1%
Margins	Q1-FY22	Q1-FY21	Chg BPS	FY21	FY20	Chg BPS
Operating Margin %	45.8%	-33.4%	7921	24.3%	31.3%	-698
Net Margin %	33.9%	-18.7%	5264	24.3%	23.2%	102

Source: Company, Anand Rathi Research

Consolidated Financials

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Net Sales	22,755	7,831	15,166	27,499
Operating Expense	15,638	5,928	7,946	14,407
EBITDA	7,117	1,903	7,221	13,092
Other Income	798	856	532	964
Depreciation	399	463	540	621
EBIT	7,515	2,296	7,212	13,435
Interest	73	82	73	73
Misc. items	11	394	-	-
PBT	7,454	2,609	7,140	13,362
Tax	2,168	710	1,999	3,741
Minority Interest	-	-	-	-
PAT	5,286	1,899	5,141	9,621

Margins	FY-20	FY-21	FY-22E	FY-23E
Sales Growth %	21.7%	-65.6%	93.7%	81.3%
Operating Margin %	31.3%	24.3%	47.6%	47.6%
Net Margin %	23.2%	24.3%	33.9%	35.0%

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Liabilities				
Equity Share Capital	1,600	1,600	1,600	1,600
Reserves & Surplus	11,678	14,685	19,825	29,446
Total Shareholder's Funds	13,278	16,285	21,425	31,046
Minority Interest	-	-	-	-
Long-Term Liabilities	-	-	-	-
Other Long-term Liabilities	1,357	1,357	1,357	1,357
Deferred Tax Liability	(657)	(657)	(657)	(657)
Short-term Liabilities	19,850	6,475	12,541	22,739
Total	33,828	23,460	34,667	54,485
Assets				
Net Fixed Assets	2,722	2,993	3,454	3,832
Long-Term L&A	264	264	264	264
Non Current Investments	274	274	274	274
Other Non-Current Assets	1	1	1	1
Current Asset	30,567	19,927	30,674	50,114
Total	33,828	23,460	34,667	54,485

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
EPS (₹)	33.0	11.9	32.1	60.1
P/E (x)	80.8	225.0	83.1	44.4
P/B (x)	32.2	26.2	19.9	13.8
ROE	39.8%	11.7%	24.0%	31.0%



Rating and Target Price History:

IRCTC rating history & price chart



Source: Ace Equity, Anand Rathi Research

NOTE: Prices are as on 17 August 2021 close.

IRCTC rating details

Date	Rating	Target Price	Share Price
12-Jul-2021	BUY	2,850	2,262
17-Aug-2021	HOLD	2,850	2,670

Source: Ace Equity, Anand Rathi Research

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