

**Rating**



**Issue Details**

OFS of up to 20,160,000 Equity Shares (The offer will constitute upto 12.60% of the post offer paid up Equity capital)

**Issue Summary**

Price Band (Rs)	315-320
Face Value (Rs)	10
Implied Market Cap (Rs cr)	5,040/ 5,120
Market Lot	40 Share
Issue Opens on	30 <sup>th</sup> Sep 2019
Issue Close on	3 <sup>rd</sup> Oct 2019
No. Of share pre-issue	160,000,000
No. Of share post issue	160,000,000
Listing	NSE & BSE

**Issue Break-up**

	%
QIB Portion	50.0
NIB Portion	15.0
Retail Portion	35.0

**Book running lead Managers**

IDBI Capital Markets Ltd  
SBI Capital Markets Ltd  
Yes Securities Ltd

**Shareholding Pattern**

	Pre-issue	Post-issue
Promoters	100%	87.4%
Public + Others	Nil	12.6%

**Objects of the issue**

To carry out the disinvestment of equity shares by the selling shareholder and  
To achieve the benefits of listing the equity shares on the stock exchanges.

Indian Railway Catering and Tourism Corporation (IRCTC) is Indian Railways authorized company engaged into the business of Catering Services, Internet ticketing, Packaged drinking water under the brand 'Rail Neer' and travel & tourism. The Company is wholly owned by Government of India under the administrative control of the Ministry of Railways. IRCTC is the only entity who provides catering services, online ticket and packaged drinking to Indian railway.

**Four major business segments of the company:**

- **Internet Ticketing (12% of the total revenue):** Under this segment company offer railway tickets online through its website and mobile application. As of June 30, 2019, more than 1.40 mn passengers travelled on Indian Railways, which consisted of approx 71.42% of tickets booked online. Currently, it operates as one of the most transacted websites in the Asia-Pacific region with a transaction volume of more than 25 mn/month and 7.2 mn logins per day.
- **Catering (55% of the total revenue):** Company Provide catering services to Indian railway passengers in trains and stations. Company has wide distribution network for food services such as through mobile catering units, cell kitchens, refreshment rooms, food plazas, food courts, train side vending, and Jan Ahaar. Company also offers e-catering services to passengers through mobile application 'Food on Track' and e-catering website i.e. [www.ecatering.irctc.co.in](http://www.ecatering.irctc.co.in).
- **Packaged Drinking Water (Rail Neer):** Currently, company has 10 Rail Neer plants located at Delhi, Patna, Palur, Ambarnath, Amethi, Parassala Bilaspur, Hapur, Ahmedabad and Bhopal with an installed production capacity of approximately 1.09mn litres per day, which caters to approximately 45% of the current demand of packaged drinking water at railway premises and in trains. This segment contributes 9% in the total revenue.
- **Travel and Tourism (24% of total revenue):** IRCTC has been mandated by the Indian Railways to provide tourism and travel related services. As of now, company have footprints in across major tourism segments such as hotel bookings, rail, land, cruise and air tour packages and air ticket bookings.

**Financial Statement:**

Particulars (Rs in Cr.)	FY17	FY18	FY19
Revenue from Operations	1,535	1,470	1,868
EBITDA as stated	330	319	399
EBITDA M (%)	21.5	21.7	21.4
PAT	229	221	273
EPS (Rs)	14.3	13.8	17.0
PE (x) #	22.3	23.2	18.8

# @ upper price band of Rs 320

**Valuation and View:**

IRCTC has unique business model and have no any peer company in India. Its strong earnings profile, diversified business segment, healthy return ratio and debt free status drive our positive view on the issue. The issue has been offered at a price band of Rs 315-320 per equity share. At the upper price band of Rs 320, the stock is available at P/E of 18.8x to its FY19 EPS of Rs 17 which is quite attractive. Thus, we advise investors to Subscribe to this issue and have a "4 star" rating on the same.

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**Stock Rating Scale**

	<b>Absolute Return</b>
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	<-5%

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