

Indian Railway Catering and Tourism Corporation Ltd – OFFER FOR SALE

10 - December - 2020

OFFER BACKGROUND

The President of India, acting through and represented by the Ministry of Railways, Government of India, is the promoter of Indian Railway Catering and Tourism Corporation Ltd (the "Promoter"). The Promoter (the "Seller") proposes to sell up to 2,40,00,000 Equity Shares of Indian Railway Catering and Tourism Corporation Ltd ("the Company"), (representing 15% of the total issued and paid up equity share capital of the Company) ("Base Offer Size"), on December 10, 2020, ("T day") (for non-Retail Investors only) and on December 11, 2020 ("T+1 day") (for Retail Investors and for non-Retail Investors who choose to carry forward their un-allotted bids) with an option to additionally sell 80,00,000 Equity Shares (representing 5% of the total issued and paid up equity share capital of the Company) (the "Oversubscription Option" and in the event that the Oversubscription Option is exercised, the Equity Shares forming part of the Base Offer Size and the Oversubscription Option will represent 20% of outstanding Equity Shares of the Company, i.e. 3,20,00,000 Equity Shares, and will collectively, hereinafter be referred to as "Offer Shares" while in the event that such Oversubscription Option is not exercised,

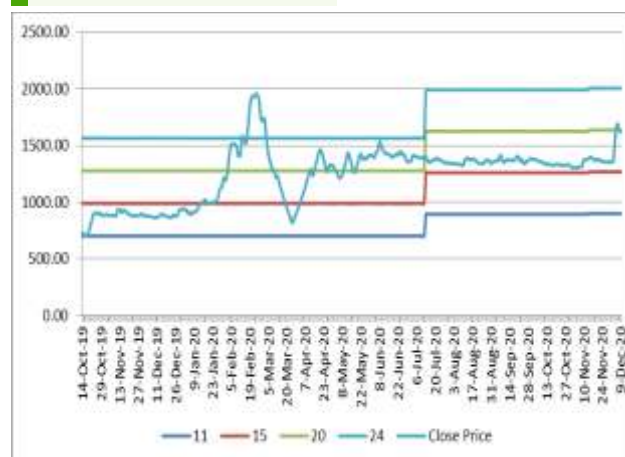
THE SYNOPSIS OF THE OFFER FOR SALE IS AS FOLLOWS:

Name of the Seller (Promoter /Promoter Group)	The President of India, acting through and represented by the Ministry of Railways, Government of India
Name of the company whose shares are proposed to be sold and ISIN	Indian Railway Catering and Tourism Corporation Limited
Name of the stock exchanges where orders shall be placed	NSE and BSE
Name of the designated stock exchange	BSE
Date and time of opening and closing of the sale	Date: December 10, 2020 for Non-Retail; Open: 9.15am; Close: 3.30 pm Date : December 11, 2020 for retail; Open : 9:15am; Close : 3.30pm
Total number of equity shares being offered in the Sale	Sell up to 2,40,00,000 Equity Shares of Indian Railway Catering and Tourism Corporation Ltd ("the Company"), (representing 15% of the total issued and paid up equity share capital of the Company) ("Base Offer Size"), with an option to additionally sell 80,00,000 Equity Shares (representing 5% of the total issued and paid up equity share capital of the Company)
Name of the broker(s)	Axis Capital Limited, ICICI Securities Limited, IIFL Securities Limited and HSBC Securities and Capital Market Limited
Retail Discount	No discount
Floor Price	Rs.1367
Allocation Methodology	The allocation shall be at or above the Floor Price on price priority method at multiple clearing prices ("Clearing Prices") basis in accordance with the SEBI OFS Circulars.

Stock Data

Latest Data as on 9th December, 2020	
Latest Equity(Subscribed)	160.00
Latest Reserve	1176.72
Latest EPS -Unit Curr.	20.91
Latest Bookvalue -Unit Curr.	83.55
Face Value	10.00
Stock Exchange	BSE
Latest Market Price--Unit Curr.	1618.05
Latest P/E Ratio	77.38
Latest P/BV	19.37
52 Week High -Unit Curr.	1995.00
52 Week High-Date	25/02/2020
52 Week Low -Unit Curr.	774.85
52 Week Low-Date	26/03/2020
Market Capitalisation	25888.80
Dividend Yield -%	0.77

P\B Chart



AVERAGES – Turnover (NSE)

	Total Turnover	Avg. Turnover	No. Of Days
Weekly	46504865792	9300973568	5
Fornightly	47451488256	5272387584	9
Monthly	55683084288	2651575296	21
Quarterly	72878530560	1156802176	63
Half Yearly	1.47728E+11	1145178496	129
Yearly	5.36675E+11	2129664000	252

AVERAGES – VOLUME (NSE)

	Total Volume	Avg Volume	No. Of Days
Weekly	28667410	5733482	5
Fornightly	29365442	3262827	9
Monthly	35329136	1682339.75	21
Quarterly	47961692	761296.69	63
Half Yearly	101576704	787416.31	129
Yearly	372846848	1479550.88	252

Key Findings

- IRCTC, a Mini Ratna public sector enterprise under the administrative control of Ministry of Railways, is the sole entity authorized by Indian Railways (IR) to provide catering services to railways, online railway tickets and packaged drinking water at railway stations and trains in India. IRCTC operates in four business segments, namely, internet ticketing, catering, packaged drinking water and travel & tourism.
- The company posted a 67.3% decline in net profit to Rs 32.63 crore in Q2 September 2020 from Rs 99.82 crore in Q2 September 2019. Total revenue declined 80% to Rs 108.72 crore in Q2 September 2020 from Rs 535.13 crore in Q2 September 2019.
- The revenue from catering segment tumbled 93.5% to Rs 17.16 crore, revenue from internet ticketing segment declined 50.2% to Rs 58.29 crore, revenue from Rail Neer segment dropped 83.12% to 9.24 crore and revenue from tourism business slumped 92.4% to Rs 3.85 crore in Q2 September 2020 over Q2 September 2019.
- The company is also entering new businesses that are yet to get captured. Since it transacts payments of more than Rs 36,000 crore annually through bank and payment aggregators, in order to capitalize on this opportunity, it has implemented its own payment gateway platform named IRCTC e-wallet.
- IRCTC's private train business is also promising and can be looked upon as a standalone activity once it gains a critical size.

Conclusion

The company not doing good from last two quarter due to COVID-19 pandemic but According to the management whenever the company would run its all segment properly then able to captured good financial growth.

On the valuation part, from a longer term perspective, a price/earnings-based valuation may not give full fair value to the company so it would be prudent to look at the value of IRCTC's individual businesses to arrive at a fair value of the stock. for short term Expensive on CMP of Rs.1452 and we expect the stock to see a price target of Rs.1746 in 12-15 month an expected P/BVx 15 and FY22 BVPS of Rs.116.43. (approx. target by 20% from current level) but for very short term the stock can come to Rs.1300 on expected BVPS FY21 86.64 and P/BVx15.

View : Long term view positive

Size of offer : Rs. 3280 crore if oversubscribed Rs.4373.60 crore

Shareholding Pattern (%)

Description as on	30/09/2020	30/06/2020	31/03/2020	31/12/2019
Total Foreign	1.13	1.09	1.97	2.18
Total Institutions	1.66	1.35	2.25	5.11
Total Non Promoter Corporate Holding	0.28	0.77	0.7	0.65
Total Promoters	87.4	87.4	87.4	87.4
Total Public & Others	9.53	9.4	7.69	4.65

Allocation methodology	<p>A minimum of 25% of the equity shares being offered in the Sale shall be reserved for allocation to mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended ("Mutual Funds") and insurance companies registered with the insurance Regulatory and Development Authority under the Insurance Regulatory and Development Authority Act, 1999, as amended ("Insurance Companies"), subject to receipt of valid bids/orders at the Clearing Prices.</p> <p>In the event of any under subscription by Mutual Funds and Insurance Companies, the unsubscribed portion shall be available to the other bidders.</p> <p>No single bidder other than Mutual Funds and Insurance Companies shall be allocated more than 25% of the size of the Sale.</p>
Oversubscription option	<p>In case the Oversubscription Option is not exercised, the equity shares of the Company forming part of the Base Offer Size will hereinafter be referred to as "Offer Shares") through a separate, designated window of the BSE Limited (the "BSE") and the National Stock Exchange of India Limited ("NSE", and together with the BSE, the "Stock Exchanges"). The Offer shall be undertaken exclusively through the Seller's Brokers named below on a separate window provided by the Stock Exchanges for this purpose.</p>
Conditions for withdrawal of the Sale	<p>The Seller reserves the right to not to proceed with the Sale at any time prior to the time of opening of the Sale on the Sale Date.</p> <p>In such a case, there shall be a cooling off period of 10 trading days from the date of withdrawal before an offer is made again. The Stock Exchanges shall suitably disseminate details of such withdrawal.</p>
Conditions for cancellation of the Sale	<p>In the event (i) the aggregate number of orders received in the Sale at or above the Floor Price is less than the total number of Sale Shares or (ii) of any default in settlement obligations, the Seller reserves the right to either conclude the Sale to the extent of valid bids / orders or cancel the Sale in full. The decision to either accept or reject the Sale shall be at the sole discretion of the Seller.</p>
Conditions for participating in the Sale	<p>Non-institutional buyers shall deposit 100% of the order value in cash up-front with the Clearing Corporation at the time of placing bids for the Sale.</p> <p>In case of institutional investors who place orders with 100% of the order value deposited upfront, custodian confirmation shall be within trading hours.</p> <p>In case of institutional investors who place orders without depositing 100% of the order value upfront, custodian confirmation shall be as per the existing rules for secondary market transactions.</p> <p>The funds collected shall neither be utilized against any other obligation of the trading member nor co-mingled with other segments.</p> <p>Modification or cancellation of orders would be allowed during the duration of the offer only for:</p> <p>(i) Orders placed by institutional investors and by non-institutional investors, with 100% of the order value deposited upfront: Such orders can be modified or canceled at any time during the trading hours.</p> <p>(ii) Orders placed by institutional investors without depositing 100 % of the order value upfront: Such orders cannot be modified or cancelled by the investors or stock brokers, except for making upward revision in the price or quantity.</p> <p>The buyer shall also be liable to pay any other fees, as may be levied by the Stock Exchanges, including Securities Transaction Tax.</p> <p>In case of any permitted modification or cancellation of the order / bid, the funds shall be released/ collected on a real-time basis by the clearing corporation.</p> <p>In case of default in pay-in by any investor, 10% of the order value shall be charged as penalty from the investor and collected from the broker. This amount shall be credited to the Investor Protection Fund of the stock exchange.</p>

QUARTERLY PERFORMANCE

	Qtr Ending Sep.20	Qtr Ending Sep.19	VAR %
Total Income	88.56	513.37	-83
OPM (%)	-6.31	27.74	
OP	-5.59	142.43	-104
Other income	62.54	21.77	187
PBIDT	56.95	164.2	-65
Net Finance Charges	1.33	1.21	10
PBDT	55.62	163	-66
Depreciation	8.94	8.79	2
PBT before EO	46.68	154.21	-70
EO	29.62	0	
PBT after EO	17.06	154.21	-89
Tax expense	14.05	54.38	-74
PAT	3.01	99.82	-97

BALANCE SHEET

(Rs. In Crore)

	202003	201903	201803	201703	201603
SOURCES OF FUNDS :					
Share Capital	160	160	40	40	20
Reserves Total	1167.82	911.02	914.53	746.56	522.07
Total Shareholders Funds	1327.82	1071.02	954.53	786.56	542.07
Other Liabilities	135.73	66.69	89.63	92.19	175.65
Total Liabilities	1463.55	1137.71	1044.16	878.75	717.72
APPLICATION OF FUNDS :					
Gross Block	519.76	384.26	364.24	337.61	298.32
Less : Accumulated Depreciation	236.37	202	174.42	167.22	139.7
Net Block	283.39	182.26	189.82	170.39	158.62
Capital Work in Progress	16.21	40.38	7.65	16.83	14.19
Current Assets, Loans & Advances					
Inventories	9.76	7.89	7.41	6.58	8.26
Sundry Debtors	789.41	587.45	550.92	289.4	162.11
Cash and Bank	1296.43	1140.04	833.87	852.96	617.88
Loans and Advances	762.39	529.16	668.03	417.74	356.79
Total Current Assets	2858	2264.54	2060.23	1566.68	1145.04
Less : Current Liabilities and Provisions					
Current Liabilities	1755.18	1417.33	1271.67	940.98	600.2
Provisions	31.11	39.2	3.28	6.73	119.13
Total Current Liabilities	1786.29	1456.53	1274.95	947.71	719.33
Net Current Assets	1071.7	808.02	785.28	618.98	425.71
Deferred Tax Assets	70.88	89.49	73.73	79.62	0
Deferred Tax Liability	5.16	7.77	27.38	22.1	0
Net Deferred Tax	65.72	81.72	46.35	57.52	0
Other Assets	26.52	25.34	15.05	15.02	119.2
Total Assets	1463.54	1137.71	1044.16	878.75	717.71
Contingent Liabilities	144.22	166.79	174.88	109.67	233.12

PROFIT AND LOSS ACCOUNT

(Rs. In Crore)

	202003 (12)	201903 (12)	201803 (12)	201703 (12)	201603 (12)
INCOME :					
Sales Turnover	2275.48	1870	1470.46	1535.39	1381.69
Excise Duty	0	0	4.37	15.74	14.91
Net Sales	2275.48	1870	1466.09	1519.65	1366.78
Other Income	79.17	126.33	99.1	67.47	138.95
Stock Adjustments	0.7	0.15	0.4	-0.63	-2.53
Total Income	2355.35	1996.48	1565.59	1586.49	1503.2
EXPENDITURE :					
Raw Materials	138.51	124.26	252.82	210.86	230.3
Power & Fuel Cost	14.35	14.4	10.94	10.19	14.38
Employee Cost	244.01	195.06	192.19	163.85	164.61
Other Manufacturing Expenses	855.75	818.07	619.86	730.22	688.55
Selling and Administration Expenses	293.87	276.42	106.79	83.2	48.34
Miscellaneous Expenses	16.29	58.72	10.73	8.05	27.7
Less: Pre-operative Expenses Capitalised	0	0	0	0	0
Total Expenditure	1562.79	1486.93	1193.32	1206.38	1173.88
Operating Profit	792.56	509.55	372.28	380.1	329.32
Interest	7.27	2.35	2.99	2.62	0.12
Gross Profit	785.29	507.2	369.29	377.48	329.2
Depreciation	39.94	28.64	23.66	22.41	20.54
Profit Before Tax	745.35	478.56	345.63	355.07	308.66
Tax	199.54	188.23	116.04	117.87	120.03
Fringe Benefit tax	0	0	0	0	0
Deferred Tax	17.24	-18.24	8.98	8.12	0
Reported Net Profit	528.57	308.56	220.62	229.08	188.63
Extraordinary Items	-0.87	22.6	-0.26	-0.59	0
Adjusted Net Profit	529.44	285.96	220.88	229.67	188.63

CASH FLOW STATEMENT

(Rs. In Crore)

	202003	201903	201803	201703	201603
Cash Flow Summary					
Cash and Cash Equivalents at Beginning of the year	460.07	493.16	486.12	190.26	355.82
Net Cash from Operating Activities	405.32	499.04	23.63	338.24	287.65
Net Cash Used in Investing Activities	12.2	-352.73	40.21	93.57	7.1
Net Cash Used in Financing Activities	-280.19	-179.4	-56.79	-135.95	-31.45
Net Inc/(Dec) in Cash and Cash Equivalent	137.32	-33.09	7.04	295.86	263.3
Cash and Cash Equivalents at End of the year	597.39	460.07	493.16	486.12	619.12

RATIOS

	202003	201903	201803	201703	201603
Key Ratios					
Debt-Equity Ratio	0	0	0	0	0
Long Term Debt-Equity Ratio	0	0	0	0	0
Current Ratio	1.62	1.62	1.66	1.65	1.56
Turnover Ratios					
Fixed Assets	5.03	5	4.19	4.83	4.8
Inventory	257.84	244.44	210.22	206.93	155.25
Debtors	3.31	3.29	3.5	6.8	8.88
Total Asset Turnover Ratio	1.75	1.71	1.53	1.92	2.1
Interest Cover Ratio	103.52	204.64	116.6	136.52	2573.17
PBIDTM (%)	34.83	27.25	25.32	24.76	23.83
PBITM (%)	33.08	25.72	23.71	23.3	22.35
PBDTM (%)	34.51	27.12	25.11	24.59	23.83
CPM (%)	24.98	18.03	16.61	16.38	15.14
APATM (%)	23.23	16.5	15	14.92	13.65
ROCE (%)	57.87	44.08	36.26	44.81	47.03
RONW (%)	44.07	30.47	25.34	34.48	38.25
Payout (%)	42.07	48.23	22.36	54.81	43.54

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