INDIAN RAILWAY CATERING AND TOURISM CORPORATION LTD

IRCTC

About Company

Recommendation: Subscribe

Indian Railway Catering and Tourism Corporation Ltd (IRCTC) is a Mini-Ratna Cat-I Public Sector Enterprise, wholly-owned subsidiary of Indian Railways. Incorporated in 1999, IRCTC handles tourism, catering, online ticket booking services and provides packaged drinking water in trains and at railway stations in the country. IRCTC is the only entity authorized by Indian Railways to provide catering services to railways, online railway tickets for trains in India. It also provides non-railway services including budget hotels, e-catering and executive lounges to create a one-stop solution for customers. IRCTC launched i-Pay payment gateway to manage domestic debit/credit transactions in 2018. As on 31st Aug 2019, around 1.40 mn travelled on Indian Railways and more 72% passengers booked ticket online through the IRCTC website and mobile app on a daily basis.

Price Band	**: Rs. 315 to 320 per share**
Bid Lot size	**: 40 Shares**
Issue size	**: Rs. 645 Cr**
Issue Opens	**: September 30th 2019, Monday**
Issue Closes	**: October 3rd 2019, Thursday**
Min App Amount	**: Rs. 12,400/- at upper band after discount***
Retail discount	**: Rs. 10/-**

Important Note: All retail applications compulsory in UPI mode*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

Msearch View:

We believe IRCTC IPO offer gives investor a unique opportunity to own leading Mini–Ratna (Cat-I) with dominant market share of 72% in Railway E-Ticketing bookings. Considering its monopoly in the industry, high entry barrier business, diversified service offerings, favourable Industry Dynamics with strong levers in place to drive sustainable, profitable growth gives IRCTC a competitive advantage for long term play. On valuations parse at upper price band (Rs 320/-), the issue is asking for market cap Rs 5120 Cr with PE (FY19) 18.5 times, which seems to be fairly and reasonably valued. Hence considering strong cash generating business, high ROCE and healthy dividend yield, we recommend investors to “SUBSCRIBE” to the issue for long term basis as well as for listing gains.