

Week Gone

- ⇒ Hindalco announced that it plans to set up a 34000 tonne extrusion plant at Silvassa , bordering the state of Gujarat. The new plant will service the fast growing market for extruded aluminium products in the western and southern regions.
- ⇒ Eicher Motors company's subsidiary VE Commercial Vehicles (VECV) commenced commercial production at its new manufacturing unit at Bagroda, Bhopal.
- ⇒ Mahindra and Mahindra (M&M) said that the operations in the automotive sector will be affected by global supply shortage of micro-processors (Semi conductors)

Week Ahead

- ⇒ India's wholesale price index (WPI) inflation for November will be announced on 14 December 2020.
- ⇒ Overseas, US Retail sales for November will be announced on 16 December, 2020.
- ⇒ The Bank of England (BoE) will announce its interest rate decision on 17th December, 2020.

Technical Overview

Index closed with a gain of 1.93% at 13514. Index opened this week on a flat note and continued its upward rally to close at fresh life highs. Going ahead index has strong resistance around 13730-13770 zone, while immediate resistance is seen at 13580-13650. On the downside, support is placed at 13430-13350-13250.



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	11-Dec-20	04-Dec-20	Weekly % Chg
Nifty	13,514	13,258	1.9
Nifty Next 50	31,929	31,439	1.6
Nifty 100	13,647	13,396	1.9
Nifty 500	11,171	10,978	1.8
Nifty Midcap 100	20,437	20,197	1.2
Sensex	46,099	45,079	2.3
BSE 100 Index	13,643	13,386	1.9
BSE 200 Index	5,721	5,621	1.8
BSE 500 Index	17,733	17,432	1.7
BSE Mid-Cap	17,521	17,389	0.0
BSE Small Cap	17,552	17,317	1.4

NIFTY TOP GAINERS (WEEKLY)

Scrip	11-Dec-20	04-Dec-20	Weekly % Chg
ITC	216.3	198.2	9.1
HUL	2374.8	2184.2	8.7
ONGC	96.8	89.9	7.7
GAIL (India) Ltd.	125.9	119.8	5.1
Kotak Mahindra Bank	1920.4	1846.3	4.0

NIFTY TOP LOSERS (WEEKLY)

Scrip	11-Dec-20	04-Dec-20	Weekly % Chg
UPL	435.	455.7	-4.54
Shree Cement	23,805.	24,912	-4.45
Hindalco	243.65	252.7	-3.58
Eicher Motors	2,470.8	2,553.5	-3.24
Grasim Inds.	902.25	931.50	-3.14

WORLD INDICES

Index	11-Dec-20	04-Dec-20	Weekly % Chg
Nikkei Index	26,652	26,751	0.4
Hang Seng Index	26,505	26,836	-1.2
Kospi Index	2,770	2,731	1.4
Shanghai SE Composite	3,347	3,445	-2.8
Strait Times Index	2,821	2,840	-0.7
Dow Jones	29,865	30,146	-0.9
NASDAQ	12,308	12,431	-1.0
FTSE	6,557	6,550	0.1

FOREX

Currency	11-Dec--20	04-Dec-20	Weekly % Chg
US\$ (Rs.)	73.7	73.8	-0.1
GBP (Rs.)	97.4	99.1	-1.7
Euro (Rs.)	89.3	89.5	-0.2
Yen (Rs.) 100 Units	71.0	71.0	0.0

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
11-Dec-20	10,402.1	6,206.7	4,195.4
10-Dec-20	7,663.5	5,403.6	2,259.9
09-Dec-20	9,574.5	6,010.3	3,564.2
08-Dec-20	8,473.3	5,563.7	2,909.6
07-Dec-20	8,796.1	5,004.1	3,792.1
<u>MTD</u>	89,879.2	62,951.5	26,927.7

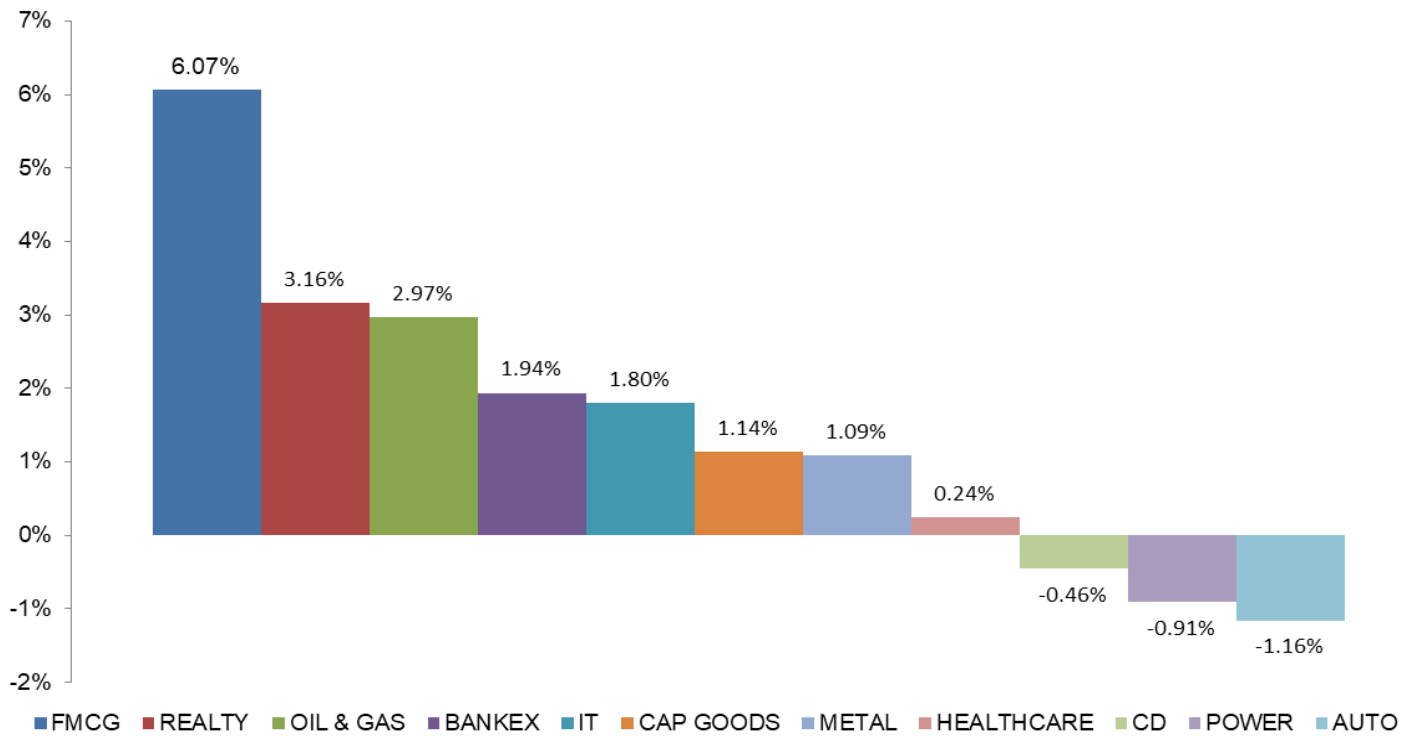
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
11-Dec-20	3,726.2	6,085.2	-2,359.0
10-Dec-20	3,390.7	5,665.9	-2,275.2
09-Dec-20	3,834.9	6,328.0	-2,493.1
08-Dec-20	3,912.4	6,553.3	-2,640.9
07-Dec-20	4,287.1	7,054.2	-2,767.1
<u>MTD</u>	34,928.5	53,554.3	-18,625.9

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	11-Dec-20	04-Dec-20	Weekly % Chg	11-Dec-20	04-Dec-20	Weekly % Chg
	Share Price (Rs.)			Open Interest		
GODREJCP	730.1	714.4	2.2	6216000	4067000	52.8
CONCOR	401.95	415.2	-3.2	11413026	7627440	49.6
CUMMINSIND	583.35	569.4	2.4	1776000	1308000	35.8
WIPRO	354	359.65	-1.6	29910400	23008000	30.0
GLENMARK	529.4	506.5	4.5	6963250	5368200	29.7

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	11-Dec-20	04-Dec-20	Weekly % Chg	11-Dec-20	04-Dec-20	Weekly % Chg
	Share Price (Rs.)			Open Interest		
ICICIPRULI	499.8	479.7	4.2	4275000	5947500	-28.1
BOSCHLTD	13183.2	13205.4	-0.2	197650	264550	-25.3
INFRATEL	244.45	236.2	3.5	9951200	13087200	-24.0
HDFCLIFE	665.05	646.7	2.8	14762000	18799000	-21.5
HINDUNILVR	2376.75	2197.0	8.2	5309100	6751500	-21.4

Hospitality

Company Background

Indian Railway Catering and Tourism Corporation Ltd (IRCTC) is a wholly-owned subsidiary of Indian Railways, Government of India. It is a Mini Ratna (Category-I Central Public Sector Enterprise), as an extended arm of the Indian Railways with the objective to upgrade, modernize, professionalize and manage the catering and hospitality services at stations, on trains and other locations, online ticket booking services, packaged drinking water and to promote domestic and international tourism through development of budget hotels, special tour packages, information & commercial publicity and global reservation systems.

Investment Rationale

Monopolistic position in Internet ticketing and catering segment

On segmental basis, IRCTC is the only entity authorized by the Indian Railways to offer railway tickets online. It launched its rail e-booking services in 2002, which helped the rail booking segment gain significant ground in e-booking penetration. Under the Next Generation E-Ticketing System, it has achieved bookings of 24,350 tickets per minute. In catering business, company is providing services via three segment mobile catering, static catering, and e-catering. Currently, the company provides catering services for 350 pre-paid and post-paid trains, 530 static units, and also has 57 Jan Ahaars, 169 refreshment rooms, 138 food plazas, and 152 fast food units. Moreover, In FY20, Internet ticketing and Catering business contributed around 27% and 50% respectively of FY20 revenue. Thus, these kind of sustainable moat and consumer dependency will facilitate organic growth in medium to long term

Increasing privatization would enable to untap long term opportunities

On operational front, Indian Railways has initiated the process to get participation of private players for 151 passenger trains across 12 clusters. Company has participated in 11 of these 12 clusters in the Request For Quote(RFQ) invited by Indian Railways. Given that IRCTC is currently the only private train operator, through its 3 Tejas trains, we believe that it will bag more such clusters in coming months. Further, the Dedicated Freight Corridor project, once completed, is expected to significantly decongest the railway routes linking the four metropolitan cities of Delhi, Mumbai, Chennai and Howrah. Therefore, this would provide strong opportunity in capacity expansion of passenger trains which ultimately would benefit IRCTC across its business segments.

Valuation and Outlook

IRCTC is a prominent player in Indian railway services on account of its top monopolistic segments—internet ticketing and catering services (i.e sole service provider) coupled with packaged drinking water business, providing pricing competitive edge. In these challenging times, the company pertains to be a good beneficiary parallel to unlock theme on a gradual pace. The company's monopolistic business and tapping new opportunities in rail services provide significant headroom to leverage its performance in the post-pandemic era. On the valuation front, we valued the company based on the 35.7x P/E multiple of FY22E and recommend a **BUY** rating on this stock with a price target of INR 1730 with a 12 months investment horizon.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

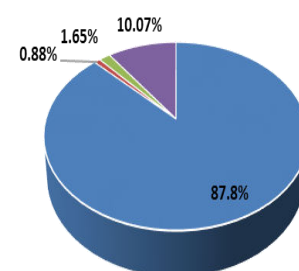
Stock

CMP (INR)	1421
Target Price (INR)	1730
NSE Symbol	IRCTC
BSE Code	542830
Bloomberg	IRCTC IN
Reuters	INIR.BO
Key Data	
Nifty	13,513
52WeekH/L(INR)	1995/774
O/s Shares (Mn)	160
Market Cap (INR bn)	228
Face Value (INR)	10

Average volume

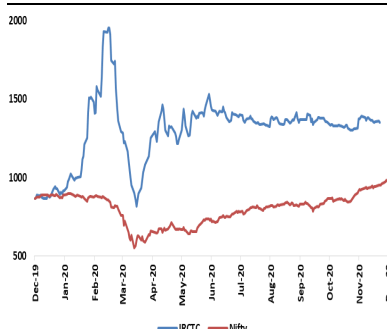
3 months	6,60,020
6 months	7,58,090
1 year	15,20,420

Share Holding Pattern (%)



■ Promoters ■ FII ■ DII ■ Others

Relative Price Chart



Weekly Wealth

Key Financials

YE March (INR Mn)	FY18	FY19	FY20	FY21E	FY22E
Revenue	14,668	18,700	22,755	13,198	31,015
<i>Revenue Growth (Y-o-Y)</i>	<i>(3.7%)</i>	<i>27.5%</i>	<i>21.7%</i>	<i>(42.0%)</i>	<i>135.0%</i>
EBIDTA	2,868	3,832	7,117	2,772	9,987
<i>EBIDTA Growth (Y-o-Y)</i>	<i>(3.3%)</i>	<i>33.6%</i>	<i>85.7%</i>	<i>(61.1%)</i>	<i>260.3%</i>
Net Profit	2,195	3,086	5,286	2,904	7,754
<i>Net Profit Growth (Y-o-Y)</i>	<i>2.2%</i>	<i>40.6%</i>	<i>71.3%</i>	<i>(45.1%)</i>	<i>167.0%</i>
Diluted EPS	13.7	19.3	33.0	18.1	48.5
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>2.2%</i>	<i>40.6%</i>	<i>71.3%</i>	<i>(45.1%)</i>	<i>167.0%</i>

Key Ratios

EBIDTA margin (%)	19.6%	20.5%	31.3%	21.0%	32.2%
NPM (%)	15.0%	16.5%	23.2%	22.0%	25.0%
RoE (%)	23.2%	28.8%	39.8%	19.3%	37.6%
RoCE (%)	30.3%	35.8%	53.6%	18.4%	48.4%

Valuation Ratios

P/E (x)	103.6x	73.7x	43.0x	78.3x	29.3x
EV/EBITDA	76.4x	56.4x	30.1x	81.6x	22.7x
P/BV (x)	24.0x	21.2x	17.1x	15.1x	11.0x
Market Cap. / Sales (x)	15.5x	12.2x	10.0x	17.2x	7.3x

Source: Company, BP Equities Research



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