

Q4FY23 Result Highlights

- **Strong revenues across all segments with tourism being major driver** – Revenues grew ~40% YoY and 5.1% QoQ to ₹9,650.2mn with revenues from State Teertha/Catering/Rail Neer/Tourism increased 2.5x YoY/ 48.7% YoY/41.4% YoY/2.6x YoY to ₹654mn/₹3,958mn/₹734mn/₹1,385mn respectively.
- EBITDA grew 16.5% YoY to ₹3,246.1mn with margins at 33.6% as against 40.3% in Q4FY22. After adjusting for exceptional items of ₹258mn relating to excess provision written back over performance related pay, maintenance charges for internet ticketing and other expenses, PAT grew by 16.1% YoY to ₹2,530mn. Overall margin guidance by the management at 34-36% going forward.
- Online ticketing penetration was at ~82%.In Q4FY23, ~104mn tickets were booked yielding convenience fee revenue of ₹1,970mn. Roughly, 430mn tickets were booked in FY23. Share of UPI bookings stood at 33% in FY23. **Ticketing mix is as follows:** Sleeper class/2S/3rdAC/2ndAC at 42.8%/12.5%/28.3%/6.9% respectively. Revenue/Profit from I-Pay (part of non- convenience fees) was at ₹673mn/₹380mn in FY23, while Ad revenue was at ₹674mn in FY23.
- Catering reach currently ~492/675 trains via pantry cars/TSV respectively, and 300 contracts are in pipeline which also includes Vande Bharat trains (close to 40 trains to be launched).As per management steady state margin in catering business likely to be ~10-12%
- Capacity utilisation of Rail Neer plants was at ~73% in FY23. In next two months plans to start plant at Bhubaneswar and Simhadri and later on from Vijayawada and Kota. The daily production capacity of Rail Neer will increase from 15.2 lakh litres in FY23 to 17 lakh litres in FY24 and further to 18.5 lakh litres in FY25.
- Revenue from Maharaja Express was at ₹554mn while Revenue/OPEX/PAT of Tejas Express was ₹1,550mn/₹1300mn/₹243mn in FY23.
- The management estimates that in FY24, Bharat Gaurav trains have potential of ₹2,500mn in revenues with a margin of ~10% from running 300 rakes going forward.
- Air ticketing revenue in FY23 was at ₹230mn compared to ₹85.4mn YoY.

Important Statistics

| | |
|------------------------|---------|
| MCAP (₹ bn) | 524.8 |
| 52 Week H/L (₹) | 775/557 |
| NSE Code | IRCTC |
| BSE Code | 542830 |

| Shareholding Pattern (%) | Mar'23 |
|---------------------------------|---------------|
| Promoter | 62.4 |
| DII | 10.1 |
| FII | 6.5 |
| Public & Others | 21.0 |

Financials

| Particulars | FY20 | FY21 | FY22 |
|--------------------------|-------------|-------------|-------------|
| Revenue | 22,755 | 7,831 | 18,795 |
| EBITDA | 7,134 | 1,878 | 8,807 |
| <i>EBITDA Margin (%)</i> | <i>31.4</i> | <i>24.3</i> | <i>46.9</i> |
| Net Profit | 5,275 | 1,870 | 6,637 |
| EPS (₹) | 6.6 | 2.3 | 8.3 |
| DPS (₹) | 12.5 | 5.0 | 3.5 |
| P/E (x) | 99.5 | 280.6 | 79.1 |
| EV/EBITDA (x) | 73.0 | 273.7 | 58.6 |
| P/BV (x) | 7.9 | 36.0 | 27.9 |
| RoE (%) | 44.4 | 10.8 | 39.9 |
| RoCE (%) | 56.8 | 14.1 | 44.1 |

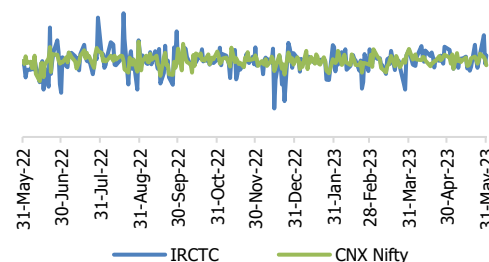
| Particulars | FY23P | FY24E | FY25E |
|--------------------------|--------------|--------------|--------------|
| Revenue | 35,415 | 40,348 | 43,719 |
| EBITDA | 12,762 | 15,037 | 16,408 |
| <i>EBITDA Margin (%)</i> | <i>36.0</i> | <i>37.3</i> | <i>37.5</i> |
| Net Profit | 10,059 | 11,547 | 12,602 |
| EPS (₹) | 12.6 | 14.4 | 15.8 |
| DPS (₹) | 5.5 | 6.5 | 7.5 |
| P/E (x) | 52.2 | 45.4 | 41.6 |
| EV/EBITDA (x) | 40.0 | 33.1 | 30.2 |
| P/BV (x) | 21.2 | 16.5 | 13.3 |
| RoE (%) | 44.9 | 40.8 | 35.6 |
| RoCE (%) | 56.0 | 51.0 | 44.2 |

Source: Company, Way2Wealth

View

In Q4FY23, IRCTC showed strong growth enabled by good traction in Tourism and increase in Non-convenience fees from I-Pay and Ad revenues. Planned expansion in Rail Neer along with new plants augers well for the growth story going forward. Bharat Gaurav initiative with additional rakes is likely to add revenues ₹2.5-3bn compared to ₹600mn previously for the tourism segment. **Hence, we maintain our *ACCUMULATE* view with the stock trading at P/E 41.6x FY25E EPS of ₹15.8.**

Relative Performance



Source: Company, Way2Wealth

FINANCIAL PERFORMANCE

(₹ mn)

| Particulars | Q4FY23 | Q4FY22 | YoY (%) | Q3FY23 | QoQ(%) | FY23 | FY22 | YoY (%) |
|--------------------------|----------------|----------------|--------------|----------------|--------------|-----------------|-----------------|----------------|
| Revenue | 9,650.2 | 6,909.6 | 39.7 | 9,180.6 | 5.1 | 35,414.7 | 18,785.7 | 88.5 |
| Cost of matl. | 175.2 | 129.9 | 34.8 | 192.1 | (8.8) | 756.7 | 401.3 | 88.6 |
| Stock Purchases | 310.2 | 253.8 | 22.2 | 341.3 | (9.1) | 1,206.9 | 658.0 | 83.4 |
| Inventories Changes | (3.0) | 9.2 | (133.0) | (6.5) | 53.7 | (13.2) | (4.3) | 209.2 |
| Catering Services Exps | 2,830.2 | 1,704.5 | 66.0 | 2,790.4 | 1.4 | 10,729.0 | 2,833.4 | 278.7 |
| Tourism Exps | 1,532.8 | 674.2 | 127.4 | 1,123.0 | 36.5 | 4,423.5 | 1,657.3 | 166.9 |
| Manufacturing Exps | 379.7 | 338.9 | 12.0 | 425.1 | (10.7) | 1,467.4 | 984.3 | 49.1 |
| Employee Exps | 560.8 | 555.5 | 1.0 | 677.2 | (17.2) | 2,455.2 | 2,404.5 | 2.1 |
| Other Exps | 618.3 | 458.3 | 34.9 | 379.9 | 62.8 | 1,627.0 | 1,116.1 | 45.8 |
| EBITDA | 3,246.1 | 2,785.4 | 16.5 | 3,258.1 | (0.4) | 12,762.2 | 8,735.2 | 46.1 |
| EBITDA Margin (%) | 33.6 | 40.3 | (667) | 35.5 | (185) | 36.0 | 46.5 | (1,046) |
| Other Income | 392.7 | 258.3 | 52.0 | 307.5 | 27.7 | 1,204.3 | 759.0 | 58.7 |
| Depreciation | 112.2 | 141.9 | (20.9) | 103.7 | 8.1 | 537.3 | 489.9 | 9.7 |
| Finance Cost | 39.0 | 29.8 | 31.0 | 49.0 | (20.4) | 161.1 | 110.5 | 45.8 |
| Exps Items | 258.5 | (40.0) | (745.4) | 13.5 | 1,810.2 | 272.0 | (40.0) | 779.2 |
| PBT | 3,746.0 | 2,832.0 | 32.3 | 3,426.4 | 9.3 | 13,540.1 | 8,853.8 | 52.9 |
| Tax | 958.0 | 694.2 | 38.0 | 871.1 | 10.0 | 3,481.3 | 2,258.2 | 54.2 |
| Net Profit | 2,788.0 | 2,137.8 | 30.4 | 2,555.3 | 9.1 | 10,058.8 | 6,595.5 | 52.5 |
| EPS (₹) | 3.5 | 2.7 | 30.4 | 3.2 | 9.1 | 12.6 | 8.2 | 52.5 |
| Adjus Net Profit | 2,529.5 | 2,177.9 | 16.1 | 2,541.7 | (0.5) | 9,786.8 | 6,635.6 | 47.5 |
| Adjus EPS (₹) | 3.2 | 2.7 | 16.1 | 3.2 | (0.5) | 12.2 | 8.3 | 47.5 |
| As % Sales | | | | BPS | BPS | | | BPS |
| Raw Matl Cost | 5.0 | 5.7 | (69) | 5.7 | (74) | 5.5 | 5.6 | (11) |
| OPEX | 54.1 | 45.0 | 913 | 53.0 | 115 | 52.4 | 34.8 | 1,768 |
| Employee Exps | 5.8 | 8.0 | (223) | 7.4 | (157) | 6.9 | 12.8 | (587) |
| Other Exps | 6.4 | 6.6 | (23) | 4.1 | 227 | 4.6 | 5.9 | (135) |

Source: Company, Way2Wealth

SEGMENTAL REVENUE BREAK UP

(₹ mn)

| Revenue | Q4FY23 | Q4FY22 | YoY (%) | Q3FY23 | QoQ(%) | FY23 | FY22 | YoY (%) |
|---------------------------|--------|--------|---------|--------|--------|--------|--------|---------|
| Catering | 3,958 | 2,662 | 48.7 | 3,941 | 0.4 | 14,765 | 4,990 | 195.9 |
| % of Total Revenue | 41.0 | 38.5 | 249 | 42.9 | (192) | 41.7 | 26.6 | 1,513 |
| Internet Ticketing | 2,951 | 2,928 | 0.8 | 3,010 | (2.0) | 11,980 | 10,210 | 17.3 |
| % of Total Revenue | 30.6 | 42.4 | (1,180) | 32.8 | (220) | 33.8 | 54.3 | (2,052) |
| Tourism | 1,385 | 542 | 155.4 | 1,223 | 13.3 | 4,122 | 1,570 | 162.6 |
| % of Total Revenue | 14.4 | 7.9 | 651 | 13.3 | 104 | 11.6 | 8.4 | 328 |
| Rail Neer | 734 | 519 | 41.4 | 790 | (7.1) | 3,146 | 1,723 | 82.6 |
| % of Total Revenue | 7.6 | 7.5 | 9 | 8.6 | (100) | 8.9 | 9.2 | (29) |
| State Teertha | 654 | 258 | 153.5 | 255 | 156.7 | 1,538 | 303 | 407.3 |
| % of Total Revenue | 6.8 | 3.7 | 305 | 2.8 | 400 | 4.3 | 1.6 | 273 |

Source: Company, Way2Wealth

SEGMENTAL EBIT BREAK UP

(₹ mn)

| EBIT | Q4FY23 | Q4FY22 | YoY (%) | Q3FY23 | QoQ(%) | FY23 | FY22 | YoY (%) |
|---------------------------|--------|--------|---------|--------|--------|--------|--------|---------|
| Catering | 480 | 251 | 91.3 | 423 | 13.6 | 1,680 | 260 | 545.7 |
| Margin (%) | 12.1 | 9.4 | 270 | 10.7 | 141 | 11.4 | 5.2 | 616 |
| Internet Ticketing | 2,599 | 2,678 | (2.9) | 2,533 | 2.6 | 10,209 | 8,702 | 17.3 |
| Margin (%) | 88.1 | 91.5 | (338) | 84.2 | 392 | 85.2 | 85.2 | (2) |
| Tourism | 136 | (24) | 655.7 | 119 | 13.9 | 165 | (461) | 135.7 |
| Margin (%) | 9.8 | (4.5) | 1,429 | 9.7 | 5 | 4.0 | (29.4) | 3,338 |
| Rail Neer | 130 | (243) | (153.5) | 88 | 47.1 | 364 | (147) | (348.2) |
| Margin (%) | 17.7 | (46.9) | 6,464 | 11.2 | 653 | 11.6 | (8.5) | 2,011 |
| State Teertha | 140 | 24 | 482.5 | 40 | 245.8 | 288 | 30 | 868.8 |
| Margin (%) | 21.3 | 9.3 | 1,205 | 15.8 | 550 | 18.7 | 9.8 | 892 |

Source: Company, Way2Wealth

FINANCIALS & VALUATIONS

(₹ mn)

| Particulars | FY19 | FY20 | FY21 | FY22 | FY23P | FY24E | FY25E |
|--------------------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|
| Revenue | 18,682 | 22,755 | 7,767 | 18,795 | 35,415 | 40,348 | 43,719 |
| EBITDA | 3,832 | 7,134 | 1,878 | 8,807 | 12,762 | 15,037 | 16,408 |
| EBITDA Margin (%) | 20.5 | 31.4 | 24.2 | 46.9 | 36.0 | 37.3 | 37.5 |
| Net Profit | 2,712 | 5,275 | 1,870 | 6,637 | 10,059 | 11,547 | 12,602 |
| EPS (₹) | 3.4 | 6.6 | 2.3 | 8.3 | 12.6 | 14.4 | 15.8 |
| DPS (₹) | 7.6 | 12.5 | 5.0 | 3.5 | 5.5 | 6.5 | 7.5 |
| P/E (x) | 193.5 | 99.5 | 280.6 | 79.1 | 52.2 | 45.4 | 41.6 |
| EV/EBITDA (x) | 135.6 | 73.0 | 273.7 | 58.6 | 40.0 | 33.1 | 30.2 |
| P/BV (x) | 9.8 | 7.9 | 36.0 | 27.9 | 21.2 | 16.5 | 13.3 |
| RoE (%) | 23.4 | 44.4 | 10.8 | 39.9 | 44.9 | 40.8 | 35.6 |
| RoCE (%) | 35.5 | 56.8 | 14.1 | 44.1 | 56.0 | 51.0 | 44.2 |
| Cash Balances | 11,400 | 12,838 | 14,605 | 17,316 | 19,337 | 23,691 | 32,008 |
| Debtor Days | 111 | 110 | 252 | 120 | 118 | 112 | 109 |
| Creditor Days | 65 | 62 | 111 | 70 | 68 | 67 | 64 |
| Inventory Days | 2 | 2 | 3 | 2 | 2 | 2 | 2 |

Source: Company, Way2Wealth

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Disclosure of Interest Statement Indian Railway Catering & Tourism Corporation Ltd.(IRCTC) as on 01 June 2023

| | |
|--|---|
| Name of the Security | Indian Railway Catering & Tourism Corporation Ltd (IRCTC) |
| Name of the analyst | Jayakanth Kasthuri |
| Analysts' ownership of any stock related to the information contained | |
| Financial Interest | No |
| Analyst : | No |
| Analyst's Relative : Yes / No | No |
| Analyst's Associate/Firm : Yes/No | No |
| Conflict of Interest | No |
| Receipt of Compensation | No |
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