

**Q3FY23 Result Highlights**

- **Strong revenues across all segments except Internet ticketing –** Revenues grew ~70% YoY and ~14% QoQ on expected lines to ₹9180.6mn with travel rebound. Revenues from State Teertha/Catering/Rail Neer/Tourism increased 467.0% YoY/276.6% YoY/55.5% YoY/79.2% YoY to ₹255mn/₹3,941mn/₹790mn/₹1,223mn respectively. However, revenues from Internet Ticketing declined 3.8% YoY to ₹3,010mn.
- EBITDA increased 16.7% YoY to ₹3,258mn with margins at 35.5% as against 51.7% in Q3FY22. PAT increased 22.4% YoY to ₹2,555mn with a margin of 27.8% as against 38.7% in Q3FY22. Internet ticketing reported EBIT margin of 84.2% (-61 bps YoY) while Catering and Rail Neer reported EBIT margin of 10.7%/11.2% respectively. Reduction in depreciation was on account of reversal of excess provisioning done in earlier quarters.
- 1.13mn tickets were booked per day for the quarter. Share of UPI bookings is 32%. Convenience/non-convenience fee share is at 67%/33% respectively. Ticketing volume breakdown of top-2 category is as follows: Sleeper class is 44% and 3rd AC is 27%. Payment aggregator's license from RBI is yet to be received.
- 752 fresh tenders have been awarded for TSV and LoA for 84 contracts has already been given. Catering reach is ~1,200 trains (TSV + pantry cars). Post price hike, catering opt out rate is between ~10-20%.
- Roughly ~240mn Rail Neer bottles were produced in 9MFY23. Capacity utilization of Rail Neer plants was ~75%. Rail Neer's production cost has increased due to rise in PET cost.
- Bus ticketing revenue was ₹43mn. Payment aggregator's license from RBI is yet to be received.
- Revenue/PAT of Tejas Express was ₹1,150mn/₹171mn during 9MFY23. Privatisation plan (150 trains & 100 routes) is on hold and no tenders have been floated yet.

**Important Statistics**

|                        |         |
|------------------------|---------|
| <b>MCAP (₹ bn)</b>     | 517.64  |
| <b>52 Week H/L (₹)</b> | 840/557 |
| <b>NSE Code</b>        | IRCTC   |
| <b>BSE Code</b>        | 542830  |

| <b>Shareholding Pattern (%)</b> | <b>Dec'22</b> |
|---------------------------------|---------------|
| Promoter                        | 62.4          |
| DII                             | 8.7           |
| FII                             | 6.8           |
| Public & Others                 | 22.1          |

**Financials**

| <b>Particulars</b>       | <b>(₹ mn)</b> |             |             |
|--------------------------|---------------|-------------|-------------|
|                          | <b>FY20</b>   | <b>FY21</b> | <b>FY22</b> |
| 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)                  | 98.1          | 276.8       | 78.0        |
| EV/EBITDA (x)            | 13.1          | 46.7        | 58.4        |
| P/BV (x)                 | 7.8           | 35.6        | 27.5        |
| RoE (%)                  | 44.4          | 10.8        | 39.9        |
| RoCE (%)                 | 56.8          | 14.1        | 44.1        |

| <b>Particulars</b>       | <b>FY23E</b> | <b>FY24E</b> | <b>FY25E</b> |
|--------------------------|--------------|--------------|--------------|
| Revenue                  | 35,981       | 38,887       | 42,118       |
| EBITDA                   | 13,059       | 15,026       | 14,482       |
| <i>EBITDA Margin (%)</i> | <i>36.3</i>  | <i>38.6</i>  | <i>34.4</i>  |
| Net Profit               | 10,017       | 11,357       | 12,486       |
| EPS (₹)                  | 12.5         | 14.2         | 15.6         |
| DPS (₹)                  | 5.0          | 6.0          | 7.0          |
| P/E (x)                  | 51.7         | 45.6         | 41.5         |
| EV/EBITDA (x)            | 36.4         | 31.2         | 28.2         |
| P/BV (x)                 | 19.2         | 14.7         | 11.7         |
| RoE (%)                  | 44.3         | 37.9         | 33.2         |
| RoCE (%)                 | 55.8         | 47.8         | 41.4         |

Source: Company, Way2Wealth

**View**

IRCTC showed good resilience in the ticketing volumes despite 2S reversal amid rising online penetration and continued traction in non-convenience revenue. Given majority of the benefits of catering price hike & Rail Neer expansion will be reflected in FY23, we foresee growth challenges going ahead due to base effect. Hence, **we continue our view as an ACCUMULATE stock trading at P/E 41.5x FY25E EPS of ₹15.6.**

**FINANCIAL PERFORMANCE**

(₹ mn)

| Particulars              | Q3FY23         | Q3FY22         | YoY (%)        | Q2FY23         | QoQ(%)       | 9MFY23          | 9MFY22          | YoY (%)        |
|--------------------------|----------------|----------------|----------------|----------------|--------------|-----------------|-----------------|----------------|
| <b>Revenue</b>           | <b>9,180.6</b> | <b>5,402.1</b> | <b>69.9</b>    | <b>8,058.0</b> | <b>13.9</b>  | <b>25,764.6</b> | <b>11,885.2</b> | <b>116.8</b>   |
| Cost of matl.            | 192.1          | 126.2          | 52.2           | 192.9          | (0.4)        | 581.5           | 271.3           | 114.3          |
| Stock Purchases          | 341.3          | 139.6          | 144.5          | 250.5          | 36.3         | 896.7           | 404.1           | 121.9          |
| Inventories Changes      | (6.5)          | (12.1)         | (46.2)         | 1.8            | 460.1        | (10.2)          | (13.4)          | (23.8)         |
| Catering Services Exps   | 2,790.4        | 533.0          | 423.6          | 2,350.7        | 18.7         | 7,756.9         | 1,003.8         | 672.7          |
| Tourism Exps             | 1,123.0        | 603.6          | 86.1           | 863.6          | 30.0         | 2,890.7         | 995.3           | 190.5          |
| Manufacturing Exps       | 425.1          | 330.5          | 28.6           | 370.3          | 14.8         | 1,229.6         | 771.5           | 59.4           |
| Employee Exps            | 677.2          | 655.3          | 3.4            | 663.9          | 2.0          | 1,894.5         | 1,818.9         | 4.2            |
| Other Exps               | 379.9          | 234.3          | 62.1           | 315.7          | 20.3         | 1,008.7         | 611.7           | 64.9           |
| <b>EBITDA</b>            | <b>3,258.1</b> | <b>2,791.8</b> | <b>16.7</b>    | <b>3,048.7</b> | <b>6.9</b>   | <b>9,516.2</b>  | <b>6,021.9</b>  | <b>58.0</b>    |
| <b>EBITDA Margin (%)</b> | <b>35.5</b>    | <b>51.7</b>    | <b>(1,619)</b> | <b>37.8</b>    | <b>(235)</b> | <b>36.9</b>     | <b>50.7</b>     | <b>(1,373)</b> |
| Other Income             | 307.5          | 163.0          | 88.7           | 259.9          | 18.3         | 811.6           | 469.9           | 72.7           |
| Depreciation             | 103.7          | 117.5          | (11.8)         | 185.7          | (44.1)       | 425.1           | 348.0           | 22.2           |
| Finance Cost             | 49.0           | 21.8           | 124.5          | 48.3           | 1.3          | 122.1           | 80.7            | 51.3           |
| Exps Items               | 13.5           | -              | NM             | -              | -            | 13.5            | -               | NM             |
| PBT                      | 3,426.4        | 2,815.4        | 21.7           | 3,074.6        | 11.4         | 9,794.1         | 6,063.1         | 61.5           |
| Tax                      | 871.1          | 727.3          | 19.8           | 814.3          | 7.0          | 2,523.2         | 1,564.0         | 61.3           |
| <b>Net Profit</b>        | <b>2,555.3</b> | <b>2,088.1</b> | <b>22.4</b>    | <b>2,260.3</b> | <b>13.1</b>  | <b>7,270.8</b>  | <b>4,499.1</b>  | <b>61.6</b>    |
| EPS ( )                  | 3.2            | 2.6            | 22.4           | 2.8            | 13.1         | 9.1             | 5.6             | 61.6           |
| <b>As % Sales</b>        |                |                | <b>BPS</b>     |                | <b>BPS</b>   |                 |                 | <b>BPS</b>     |
| Raw Matl Cost            | 5.7            | 4.7            | 104            | 5.5            | 21           | 5.7             | 5.6             | 13             |
| OPEX                     | 53.0           | 31.9           | 2,114          | 50.0           | 299          | 51.8            | 28.9            | 2,292          |
| Employee Exps            | 7.4            | 12.1           | (475)          | 8.2            | (86)         | 7.4             | 15.3            | (795)          |
| Other Exps               | 4.1            | 4.3            | (20)           | 3.9            | 22           | 3.9             | 5.1             | (123)          |

Source: Company, Way2Wealth

**SEGMENTAL REVENUE BREAK UP**

(₹ mn)

| Revenue                   | Q3FY23 | Q3FY22 | YoY (%) | Q2FY23 | QoQ(%) | 9MFY23 | 9MFY22 | YoY (%) |
|---------------------------|--------|--------|---------|--------|--------|--------|--------|---------|
| <b>Catering</b>           | 3,941  | 1,047  | 276.6   | 3,344  | 17.9   | 10,807 | 2,328  | 364.3   |
| % of Total Revenue        | 42.9   | 19.4   | 2,356   | 41.5   | 143    | 41.9   | 19.6   | 2,236   |
| <b>Internet Ticketing</b> | 3,010  | 3,129  | (3.8)   | 3,003  | 0.2    | 9,029  | 7,282  | 24.0    |
| % of Total Revenue        | 32.8   | 57.9   | (2,513) | 37.3   | (448)  | 35.0   | 61.3   | (2,623) |
| <b>Tourism</b>            | 1,223  | 683    | 79.2    | 695    | 76.0   | 2,737  | 1,027  | 166.4   |
| % of Total Revenue        | 13.3   | 12.6   | 68      | 8.6    | 470    | 10.6   | 8.6    | 198     |
| <b>Rail Neer</b>          | 790    | 499    | 58.2    | 721    | 9.6    | 2,737  | 1,204  | 127.3   |
| % of Total Revenue        | 8.6    | 9.2    | (64)    | 8.9    | (34)   | 10.6   | 10.1   | 49      |
| <b>State Teertha</b>      | 255    | 45     | 467.0   | 296    | (13.9) | 883    | 45     | 1,864.1 |
| % of Total Revenue        | 2.8    | 0.8    | 194     | 3.7    | (90)   | 3.4    | 0.4    | 305     |

Source: Company, Way2Wealth

**SEGMENTAL EBIT BREAK UP**

| (₹ mn)                    |             |               |              |               |              |             |               |              |
|---------------------------|-------------|---------------|--------------|---------------|--------------|-------------|---------------|--------------|
| EBIT                      | Q3FY23      | Q3FY22        | YoY (%)      | Q2FY23        | QoQ(%)       | 9MFY23      | 9MFY22        | YoY (%)      |
| <b>Catering</b>           | 423         | 57            | 639.0        | 354           | 19.4         | 1,200       | 9             | 13,219.8     |
| <i>Margin (%)</i>         | <i>10.7</i> | <i>5.5</i>    | <i>526</i>   | <i>10.6</i>   | <i>14</i>    | <i>11.1</i> | <i>0.4</i>    | <i>1,071</i> |
| <b>Internet Ticketing</b> | 2,533       | 2,652         | (4.5)        | 2,528         | 0.2          | 7,610       | 6,024         | 26.3         |
| <i>Margin (%)</i>         | <i>84.2</i> | <i>84.8</i>   | <i>(61)</i>  | <i>84.2</i>   | <i>(3)</i>   | <i>84.3</i> | <i>82.7</i>   | <i>156</i>   |
| <b>Tourism</b>            | 119         | (79)          | 250.1        | (99)          | 220.5        | 29          | (437)         | 106.6        |
| <i>Margin (%)</i>         | <i>9.7</i>  | <i>(11.6)</i> | <i>2,137</i> | <i>(14.2)</i> | <i>2,398</i> | <i>1.1</i>  | <i>(42.5)</i> | <i>4,359</i> |
| <b>Rail Neer</b>          | 88          | 51            | 75.1         | 54            | 64.1         | 234         | 97            | 142.6        |
| <i>Margin (%)</i>         | <i>11.2</i> | <i>10.1</i>   | <i>108</i>   | <i>7.5</i>    | <i>372</i>   | <i>8.6</i>  | <i>8.0</i>    | <i>54</i>    |
| <b>State Teertha</b>      | 40          | 6             | 603.4        | 44            | (8.4)        | 148         | 6             | 2,482.1      |
| <i>Margin (%)</i>         | <i>15.8</i> | <i>12.8</i>   | <i>307</i>   | <i>14.9</i>   | <i>96</i>    | <i>16.8</i> | <i>12.8</i>   | <i>402</i>   |

Source: Company, Way2Wealth

**FINANCIALS & VALUATIONS**

(₹ mn)

| Particulars              | FY19          | FY20          | FY21         | FY22          | FY23E         | FY24E         | FY25E         |
|--------------------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|
| <b>Revenue</b>           | <b>18,682</b> | <b>22,755</b> | <b>7,767</b> | <b>18,795</b> | <b>35,981</b> | <b>38,887</b> | <b>42,118</b> |
| <b>EBITDA</b>            | <b>3,832</b>  | <b>7,134</b>  | <b>1,878</b> | <b>8,807</b>  | <b>13,059</b> | <b>15,026</b> | <b>14,482</b> |
| <b>EBITDA Margin (%)</b> | <b>20.5</b>   | <b>31.4</b>   | <b>24.2</b>  | <b>46.9</b>   | <b>36.3</b>   | <b>38.6</b>   | <b>34.4</b>   |
| <b>Net Profit</b>        | <b>2,712</b>  | <b>5,275</b>  | <b>1,870</b> | <b>6,637</b>  | <b>10,017</b> | <b>11,357</b> | <b>12,486</b> |
| EPS (₹)                  | 3.4           | 6.6           | 2.3          | 8.3           | 12.5          | 14.2          | 15.6          |
| DPS (₹)                  | 7.6           | 12.5          | 5.0          | 3.5           | 5.0           | 6.0           | 7.0           |
| P/E (x)                  | 190.9         | 98.1          | 276.8        | 78.0          | 51.7          | 45.6          | 41.5          |
| EV/EBITDA (x)            | 24.3          | 13.1          | 46.7         | 58.4          | 36.4          | 31.2          | 28.2          |
| P/BV (x)                 | 9.7           | 7.8           | 35.6         | 27.5          | 19.2          | 14.7          | 11.7          |
| RoE (%)                  | 23.4          | 44.4          | 10.8         | 39.9          | 44.3          | 37.9          | 33.2          |
| RoCE (%)                 | 35.5          | 56.8          | 14.1         | 44.1          | 55.8          | 47.8          | 41.4          |
| Cash Balances            | 11,400        | 12,838        | 14,605       | 17,316        | 18,998        | 25,984        | 37,816        |
| Debtor Days              | 111           | 110           | 252          | 120           | 115           | 112           | 110           |
| Creditor Days            | 65            | 62            | 111          | 70            | 68            | 66            | 65            |
| 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 16 February 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   |   |
| Analyst :  | No  |
| Analyst's Relative : Yes / No  | No  |
| Analyst's Associate/Firm : Yes/No                                      | No  |
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