

Q3FY24 Result Highlights

- **Q3FY24 performance driven by Catering, Internet Ticketing and Tourism segments** – Revenue grew ~22% YoY (+12.4% QoQ) to ₹11,183mn (highest ever quarterly) with revenues from Catering/Internet ticketing/ Tourism/ Rail Neer increased ~29% YoY/11.4% YoY/37.0% YoY/6.0% YoY to ₹5,078mn/₹3,353mn/₹1,675mn/₹838mn respectively. All segments were EBIT positive except for Rail Neer which reported a loss of ₹33mn down from profit of ₹88mn YoY and profit of ₹97mn QoQ, due to provision of ₹145.1mn profit sharing (net of 25% of revenue) with Indian Railways for previous years (for period prior to FY23). Catering margin also improved by 471bps YoY (down 177 bps QoQ) to 15.5% due to the expansion of train services and new contracts/better renewals by the addition of new prepaid trains as well as increase in Train Side Vending (TSV) contracts. Internet Ticketing margins declined by 114 bps QoQ & 69 bps QoQ to 83.0% due to higher share of non-convenience fees.
- EBITDA increased 20.9% YoY and 7.5% QoQ to ₹3,940mn with margin of 35.2% as against a margin of 35.5%/36.8% in Q3FY23/Q2FY24 respectively due to change in product mix. PAT was up 17.4% YoY and +1.8% QoQ to ₹3,000mn.
- Within the Internet ticketing segment, discussions are ongoing with ONDC to include Rail & Bus tickets also. Convenience fee for the quarter contributed 65% of Internet Ticketing segment at ₹2.19bn, while Non-convenience fees formed 35% of segment revenues at ₹1,163mn. In Q3, ₹55mn AC tickets were booked, while Non-AC stood at ₹46mn and second sitting stood at ₹14mn.
- Tourism segment grew due to new routes in its Bharat Gaurav Trains (11 trains running). It has signed MoU with government of Uttarakhand to develop tourism and plans to onboard other state governments also.
- Introduction of new Vande Bharat trains (41 added out of 75) improved the profitability of catering segment. It has expanded its catering contracts, providing services in 1,518 trains (earlier: 1,284 trains), a significant increase from the pre-COVID scenario wherein it was servicing about 891 trains for catering services. The management stated that they have started with 8 NRC (Non-Rail Catering) projects, with an additional 7 in the pipeline. Furthermore, IRCTC has partnered with additional aggregators, expanding reach to 400 stations in e-Catering segment. 17 aggregators along with Zomato are present in this segment. Floated new tenders which are cluster based catering and long term contracts (5+2 yrs) with a view to further increase profits from catering. ~+150 trains contracts yet to move in this model which would increase the run rate as it happens.
- As per the management, no new provisioning required for the Rail Neer segment as the future profits to the Indian Railways from PPP Rail Neer plants will be at 40% while the rest will be with the company.
- In the Rail Neer segment, average bottles produced were at 16.96 lakh liters per day (utilisation stood at 75%) with plans to take the total capacity to 18.45 lakh per day by end-FY25.
- Mr. Sanjay Kumar Jain has assumed the role of Chairman & Managing Director of IRCTC, succeeding Mr. M. P. Mall, who resigned on 31/01/2021. For last three years – Ms. Rajni Hasija held an additional charge until May'23, followed by Ms. Seema Kumar. With +30 yrs' exp in IR and other PSU, Mr. Jain brings extensive expertise to the role. With Mr.

Important Statistics

Nifty	22,018
Sensex	72,358
MCAP (₹ bn)	756.9
52 Week H/L (₹)	1050/557
NSE Code	IRCTC
BSE Code	542830
Bloomberg Code	IRCTC:IN

Shareholding Pattern (%)	Dec'23
Promoter	62.4
DII	12.0
FII	7.3
Public & Others	18.3

Financials

Particulars	(₹ mn)		
	FY21	FY22	FY23
Revenue	7,767	18,795	35,415
EBITDA	1,878	8,735	12,762
<i>EBITDA Margin (%)</i>	<i>24.2</i>	<i>46.5</i>	<i>36.0</i>
Net Profit	1,870	6,596	10,059
EPS (₹)	2.3	8.2	12.6
DPS (₹)	5.0	3.5	5.5
P/E (x)	404.7	114.8	75.2
EV/EBITDA (x)	397.4	85.2	58.2
P/BV (x)	52.0	40.2	30.5
RoE (%)	10.8	39.9	44.9
RoCE (%)	8.7	39.5	45.3

Particulars	FY24E	FY25E	FY26E
Revenue	41,488	48,874	54,987
EBITDA	15,540	16,849	18,991
<i>EBITDA Margin (%)</i>	<i>37.5</i>	<i>34.5</i>	<i>34.5</i>
Net Profit	11,277	13,283	14,988
EPS (₹)	14.1	16.6	18.7
DPS (₹)	6.5	7.5	8.5
P/E (x)	67.1	57.0	50.5
EV/EBITDA (x)	48.9	43.0	39.8
P/BV (x)	22.5	20.1	17.2
RoE (%)	42.0	36.8	34.7
RoCE (%)	46.5	37.6	38.3

Source: Company, Way2Wealth

Relative Performance

Return (%)	1Yr	3Yr	5Yr
IRCTC	47.5	187.8	NA
Nifty 50	18.0	38.9	103.8
Sensex	22.1	43.8	106.9

Source: Company, Way2Wealth

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16th February 2024

CMP – ₹946.2/-

 View – **ACCUMULATE**

Jain's appointment, the company would tap into potential growth avenues in pricing uptick in convenience fees & Rail Neer, Payment Gateway (PG) to non-IRCTC segments, & reconsidering UPI discounts. His tenure promises strategic expansion in these areas, offering new opportunities.

- Incorporated new Subsidiary "IRCTC Payments Ltd" on 10Feb24 for payment aggregator business.

View

In Q3FY24, IRCTC's all segments showed strong growth due to seasonality. With DFC lines to become operational, the freed up line will likely to have new Vande Bharat and other passenger trains which would augment the demand for Internet ticketing, Catering, Rail Neer services. The management is confident on future growth based on continued addition in new contracts in Catering, capacity addition in Rail Neer (1 added in Q3FY24, 1 by end of FY24) plants and significant jump in new tour-routes. The new cluster based long term catering tenders would ensure increase in profitability for the company as it would able to increase its wallet share from existing and new contracts. **Hence, we maintain our ACCUMULATE view with the stock trading at P/E 50.5x FY26E EPS of ₹18.7.**

FINANCIAL PERFORMANCE

(₹ mn)

Particulars	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ(%)	9MFY24	9MFY23	YoY (%)
Revenue	11,183.0	9,180.6	21.8	9,953.2	12.4	31,154.1	25,764.6	20.9
Cost of matl.	181.4	192.1	(5.6)	180.9	0.3	552.5	581.5	(5.0)
Stock Purchases	504.3	341.3	47.7	392.5	28.5	1,392.1	896.7	55.2
Inventories Changes	5.6	(6.5)	185.5	(20.5)	127.2	(6.6)	(10.2)	35.0
Catering Services Exps	3,487.5	2,790.4	25.0	2,913.7	19.7	9,729.8	7,756.9	25.4
Tourism Exps	1,491.9	1,123.0	32.8	1,406.4	6.1	3,999.8	2,890.7	38.4
Manufacturing Exps	435.7	425.1	2.5	403.5	8.0	1,219.5	1,229.6	(0.8)
Employee Exps	751.8	677.2	11.0	638.2	17.8	2,052.6	1,894.5	8.3
Other Exps	385.2	379.9	1.4	372.9	3.3	1,179.2	1,008.7	16.9
EBITDA	3,939.7	3,258.1	20.9	3,665.5	7.5	11,035.1	9,516.2	16.0
EBITDA Margin (%)	35.2	35.5	(26)	36.8	(160)	35.4	36.9	(151)
Other Income	455.6	307.5	48.2	470.7	(3.2)	1,318.4	811.6	62.4
Depreciation	139.0	103.7	34.0	140.0	(0.7)	415.9	425.1	(2.2)
Finance Cost	47.5	49.0	(2.9)	44.2	7.6	133.0	122.1	8.9
Exps Items	(145.1)	13.5	(1,172.5)	-	-	(664.2)	13.5	(5,008.5)
PBT	4,063.6	3,426.4	18.6	3,952.1	2.8	11,140.5	9,794.1	13.7
Tax	1,063.6	871.1	22.1	1,005.3	5.8	2,871.6	2,523.2	13.8
Net Profit	3,000.0	2,555.3	17.4	2,946.8	1.8	8,268.9	7,270.8	13.7
EPS (₹)	3.7	3.2	17.4	3.7	1.8	10.3	9.1	13.7
Adjus Net Profit	3,145.1	2,541.7	23.7	2,946.8	6.7	8,933.1	7,257.3	23.1
Adjus EPS (₹)	3.9	3.2	23.7	3.7	6.7	11.2	9.1	23.1
As % Sales			BPS		BPS			BPS
Raw Matl Cost	6.2	5.7	44	5.6	63	6.2	5.7	52
OPEX	54.6	53.0	161	53.0	159	54.2	51.8	241
Employee Exps	6.7	7.4	(65)	6.4	31	6.6	7.4	(76)
Other Exps	3.4	4.1	(69)	3.7	(30)	3.8	3.9	(13)

Source: Company, Way2Wealth

16th February 2024

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 View – **ACCUMULATE**
SEGMENTAL REVENUE BREAK UP

(₹ mn)								
Revenue	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ(%)	9MFY24	9MFY23	YoY (%)
Catering	5,078	3,941	28.8	4,315	17.7	14,164	10,807	31.1
<i>% of Total Revenue</i>	45.4	42.9	247	43.4	205	45.5	41.9	352
Internet Ticketing	3,353	3,010	11.4	3,275	2.4	9,529	9,029	5.5
<i>% of Total Revenue</i>	30.0	32.8	(280)	32.9	(292)	30.6	35.0	(446)
Tourism	1,675	1,223	37.0	966	73.5	3,946	2,737	44.2
<i>% of Total Revenue</i>	15.0	13.3	166	9.7	528	12.7	10.6	205
Rail Neer	838	790	6.0	780	7.4	2,577	2,412	6.8
<i>% of Total Revenue</i>	7.5	8.6	(111)	7.8	(35)	8.3	9.4	(109)
State Teertha	280	255	9.7	648	(56.9)	1,047	883	18.6
<i>% of Total Revenue</i>	2.5	2.8	(28)	6.5	(401)	3.4	3.4	(7)

Source: Company, Way2Wealth

SEGMENTAL EBIT BREAK UP

(₹ mn)								
EBIT	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ(%)	9MFY24	9MFY23	YoY (%)
Catering	784	423	85.4	743	5.6	2,223	1,200	85.3
<i>Margin (%)</i>	15.4	10.7	471	17.2	(177)	15.7	11.1	460
Internet Ticketing	2,784	2,533	9.9	2,742	1.5	7,925	7,610	4.1
<i>Margin (%)</i>	83.0	84.2	(114)	83.7	(69)	83.2	84.3	(112)
Tourism	174	119	45.9	(56)	411.5	(283)	29	(1,081.9)
<i>Margin (%)</i>	10.4	9.7	63	(5.8)	1,615	(7.2)	1.1	(824)
Rail Neer	(33)	88	(136.9)	97	(133.7)	186	234	(20.7)
<i>Margin (%)</i>	(3.9)	11.2	(1,510)	12.4	(1,632)	7.2	9.7	(251)
State Teertha	63	40	55.3	114	(44.9)	197	148	32.5
<i>Margin (%)</i>	22.4	15.8	658	17.6	486	18.8	16.8	198

Source: Company, Way2Wealth

FINANCIALS & VALUATIONS

(₹ mn)

Particulars	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue	22,755	7,767	18,795	35,415	41,488	48,874	54,987
EBITDA	7,134	1,878	8,807	12,762	15,540	16,849	18,991
EBITDA Margin (%)	31.4	24.2	46.9	36.0	37.5	34.5	34.5
Net Profit	5,275	1,870	6,637	10,059	11,277	13,283	14,988
EPS (₹)	6.6	2.3	8.2	12.6	14.1	16.6	18.7
DPS (₹)	12.5	5.0	3.5	5.5	6.5	7.5	8.5
P/E (x)	143.5	404.7	114.8	75.2	67.1	57.0	50.5
EV/EBITDA (x)	105.5	397.4	85.2	58.2	48.9	43.0	39.8
P/BV (x)	11.4	52.0	40.2	30.5	22.5	20.1	17.2
RoE (%)	44.4	10.8	39.9	44.9	42.0	36.8	34.7
RoCE (%)	56.8	14.1	44.1	56.0	46.5	37.6	38.3
Cash Balances	12,838	14,605	17,316	19,337	23,514	28,221	35,268
Debtor Days	110	252	120	118	117	114	111
Creditor Days	62	111	70	68	69	66	65
Inventory Days	2	3	2	2	2	1	1

Source: Company, Way2Wealth

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Disclosure of Interest Statement Indian Railway Catering & Tourism Corporation Ltd.(IRCTC) as on 16 February 2024

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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