

Q2FY23 Result Highlights

- **Revenue nearly doubles on YoY basis due to base effect** – Revenues grew 99% YoY but declines 5.5% QoQ on expected lines to ₹8,058mn due to base effect. Revenues from Internet Ticketing/Catering/Rail Neer/Tourism increased 13.2% YoY/368.4% YoY/75% YoY/156.7% YoY to ₹3,003mn/₹3,344mn/₹721mn/₹695mn respectively.
- **Tourism segment the only business to post losses** – Tourism segment posted loss of ₹55 mn due to lower revenues and increase in costs.Going forward, company expects catering margin to improve on the back of increase in the number of trains, pricing revision and longer period contracts; aims to achieve tourism margin of 7-8%.Rail Neer margin reduced by 350 bps QoQ to 7.5% on account of increase in petroleum prices; Catering margin contracted by 141 bps QoQ to 10.6% led by lower revenues.
- **107mn internet tickets booked duringQ2FY23** – ~13% of segment revenue derived from 2S, management expects 2S share to stabilize at these levels. SL contributes ~46% of segment revenue. Convenience fee generated ~₹2bn revenue (out of ₹3bn total revenue), balance was from non-convenience fee. 107mn tickets booked during Q2FY23. Revenue/PAT from I-Pay was at ₹320mn/₹92mn in 1HFY23, company believes this could reach ₹700mn in the long term.
- **Aims to add +200 trains for Catering** – No. of trains with pantry car stood at 450, trains with side vending (TSV) stood at 715. Tender for adding 200 more trains is in pipeline. The impact of revised pricing is expected to be seen from Q4FY23E.
- **Plans to increase capacity to Rail neer** – Current capacity stands at 1.55 mn bottles per day (mbpd). Company plans to increase this to 1.7mbpd by the end of FY23 and further increase it to 1.84mbpd by the beginning of FY24. Post which, company will appoint a consultant for further expansion. Utilization stood at 75%, will aim to increase this further. Months of Nov, Dec and Jan are seasonally weak. Discussion for undertaking price hike is in progress, will require the approval of Ministry of Railways for any increase in prices.
- **Better Nov-Dec'22 expected for Tourism** – Oct'22 observed good demand on the back of festive season. During Q2FY23, profit from Tejas train stood at ₹93mn with occupancy of 73%-83%. Management expects Nov and Dec to be better months. Air ticketing generated revenue of ₹50mn in Q2FY23 and is expected to do better going forward as 2 tenders are in pipeline. Bus & hotel booking to observe uptick with increase in number of travellers with revenue at₹100mn in 1HFY23.
- Capex outlay of ~₹2.5bn capex for new office and ~₹1bn for upgradation of ticketing portal.

Important Statistics

MCAP (₹ bn)	581.24
52 Week H/L (₹)	929/557
NSE Code	IRCTC
BSE Code	542830

Shareholding Pattern (%)	Sep'22
Promoter	67.4
DII	5.6
FII	5.8
Public & Others	21.2

Financials

Particulars	(₹ mn)			
	FY19	FY20	FY21	FY22
Revenue	18,682	22,755	7,831	18,795
EBITDA	3,832	7,134	1,878	8,807
<i>EBITDA Margin (%)</i>	<i>20.5</i>	<i>31.4</i>	<i>24.3</i>	<i>46.9</i>
Net Profit	2,712	5,275	1,870	6,637
EPS (₹)	3.4	6.6	2.3	8.3
DPS (₹)	7.6	12.5	5.0	3.5
P/E (x)	214.3	110.2	310.8	87.6
EV/EBITDA (x)	27.3	14.7	52.4	65.6
P/BV (x)	10.9	8.8	39.9	30.9
RoE (%)	23.4	44.4	10.8	39.9
RoCE (%)	35.5	56.8	4.5	21.7

Particulars	FY23E	FY24E
Revenue	35,511	41,563
EBITDA	13,981	15,224
<i>EBITDA Margin (%)</i>	<i>39.4</i>	<i>36.6</i>
Net Profit	9,996	11,588
EPS (₹)	12.5	14.5
DPS (₹)	8.0	9.0
P/E (x)	58.1	50.2
EV/EBITDA (x)	45.5	36.9
P/BV (x)	24.6	19.5
RoE (%)	42.7	43.8
RoCE (%)	53.1	52.8

Source: Company, Way2Wealth

View

Going forward IRCTC is likely to see catering to drive growth led by higher pricing in cooked food (leading to higher license income) and addition of license revenue from new ventures (retiring room up-gradation). This coupled with increase in travelling and private train revenues will boost tourism revenues. Further, with increased internet ticketing penetration and higher Rail Neer revenues (led by increased plants & market share gains) prompt us to remain positive on the long term prospects of the company. Hence, **we continue our view as an ACCUMULATE stock trading at P/E 50.2x FY24E EPS of ₹14.5.**

FINANCIAL PERFORMANCE

(₹ mn)								
Particulars	Q2FY23	Q2FY22	YoY (%)	Q1FY23	QoQ(%)	1HFY23	1HFY22	YoY (%)
Revenue	8,058.0	4,049.4	99.0	8,525.9	(5.5)	16,583.9	6,483.1	155.8
Cost of matl.	192.9	87.9	119.4	196.5	(1.8)	389.4	145.1	168.3
Stock Purchases	250.5	119.0	110.4	304.9	(17.9)	555.4	264.5	110.0
Inventories Changes	1.8	5.1	(64.4)	(5.5)	132.8	(3.7)	(1.3)	180.9
Catering Services Exps	2,350.7	280.5	738.0	2,615.8	(10.1)	4,966.5	470.9	954.8
Tourism Exps	863.6	302.1	185.8	904.2	(4.5)	1,767.7	391.7	351.3
Manufacturing Exps	370.3	255.2	45.1	434.1	(14.7)	804.4	441.0	82.4
Employee Exps	663.9	681.0	(2.5)	553.3	20.0	1,217.2	1,163.7	4.6
Other Exps	315.7	203.4	55.2	313.1	0.8	628.8	377.4	66.6
EBITDA	3,048.7	2,115.1	44.1	3,209.4	(5.0)	6,258.1	3,230.2	93.7
EBITDA Margin (%)	37.8	52.2	(1,440)	37.6	19	37.7	49.8	(1,209)
Other Income	259.9	161.2	61.2	244.2	6.5	504.1	306.9	64.2
Depreciation	185.7	118.2	57.1	135.7	36.8	321.4	230.5	39.4
Finance Cost	48.3	21.2	128.2	24.8	94.8	73.2	58.9	24.1
Exps Items	-	-	-	-	-	-	-	-
PBT	3,074.6	2,136.9	43.9	3,293.0	(6.6)	6,367.6	3,247.7	96.1
Tax	814.3	551.2	47.7	837.8	(2.8)	1,652.1	836.7	97.5
Net Profit	2,260.3	1,585.7	42.5	2,455.2	(7.9)	4,715.5	2,411.0	95.6
EPS (₹)	2.8	2.0	42.5	3.1	(7.9)	5.9	3.0	95.6
As % Sales			BPS		BPS			BPS
Raw Matl Cost	5.5	5.2	29	5.8	(29)	5.7	6.3	(62)
OPEX	50.0	25.9	2,408	52.2	(219)	51.1	26.4	2,473
Employee Exps	8.2	16.8	(858)	6.5	175	7.3	17.9	(1,061)
Other Exps	3.9	5.0	(110)	3.7	25	3.8	5.8	(203)

Source: Company, Way2Wealth

SEGMENTAL REVENUE BREAK UP

(₹ mn)								
Revenue	Q2FY23	Q2FY22	YoY (%)	Q1FY23	QoQ(%)	1HFY23	1HFY22	YoY (%)
Catering	3,344	714	368.4	3,522	(5.0)	6,866	1,281	435.9
% of Total Revenue	41.5	17.6	2,387	41.3	20	41.4	19.8	2,164
Internet Ticketing	3,003	2,654	13.1	3,017	(0.5)	6,019	4,154	44.9
% of Total Revenue	37.3	65.5	(2,828)	35.4	188	36.3	64.1	(2,777)
Tourism	695	271	156.7	819	(15.2)	1,514	345	339.1
% of Total Revenue	8.6	6.7	194	9.6	(99)	9.1	5.3	381
Rail Neer	721	412	75.0	836	(13.9)	1,557	704	121.1
% of Total Revenue	8.9	10.2	(123)	9.8	(87)	9.4	10.9	(148)
State Teertha	296	-	NM	332	(10.8)	628	-	NM
% of Total Revenue	3.7	-	368	3.9	(22)	3.8	-	379

Source: Company, Way2Wealth

SEGMENTAL EBIT BREAK UP

(₹ mn)								
EBIT	Q2FY23	Q2FY22	YoY (%)	Q1FY23	QoQ(%)	1HFY23	1HFY22	YoY (%)
Catering	354	(2)	23,619.3	422	(16.2)	777	(48)	1,710.7
<i>Margin (%)</i>	10.6	(0.2)	1,080	12.0	(141)	11.3	(3.8)	1,508
Internet Ticketing	2,528	2,203	14.7	2,549	(0.9)	5,077	3,372	50.6
<i>Margin (%)</i>	84.2	83.0	116	84.5	(33)	84.3	81.2	316
Tourism	(99)	(212)	53.4	9	1,245.9	(90)	(358)	74.8
<i>Margin (%)</i>	(14.2)	(78.4)	6,421	1.1	(1,529)	(6.0)	(103.7)	9,775
Rail Neer	54	28	93.3	92	41.3	146	46	216.9
<i>Margin (%)</i>	7.5	6.8	71	11.0	(350)	9.4	6.5	283
State Teertha	44	-	NM	64	(30.9)	108	-	NM
<i>Margin (%)</i>	14.9	-	1,488	19.2	(432)	17.2	-	-

Source: Company, Way2Wealth

FINANCIALS & VALUATIONS

(₹ mn)

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P/BV (x)	10.9	8.8	39.9	30.9	24.6	19.5
RoE (%)	23.4	44.4	10.8	39.9	42.7	43.8
RoCE (%)	35.5	56.8	4.5	21.7	53.1	52.8
Cash Balances	11,400	12,838	14,605	17,316	26,131	35,339
Debtor Days	111	110	252	120	116	113
Creditor Days	65	62	111	70	69	67
Inventory Days	2	2	3	2	2	2

Source: Company, Way2Wealth

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Disclosure of Interest Statement Indian Railway Catering & Tourism Corporation Ltd.(IRCTC) as on 18 November 2022

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
Conflict of Interest	No
Receipt of Compensation	No
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