

**Price:** 690

**Recommendation:** Buy

**Industry:** Tour, Travel Related

**Sector:** Consumer Discretionary

**Report Date:** 17-Mar-2025

IRCTC, a leader in Indian rail services, reported record revenue of INR1,225 crores and a profit of INR341 crores in Q3 FY '25. Key initiatives include expanding the Rail Neer segment with new plants and enhancing catering through a licensing model. The company is leveraging events like Kumbh Mela with tourist trains and exploring new income sources as internet ticketing nears saturation. Despite challenges, IRCTC's strategic focus on growth and diversification remains strong.

Sales		Profit & Loss		Profitability Matrix	
Current Year	4561 Cr	Operating Profit(Year)	1527 Cr	Operating Profit Margin	33.5 %
Previous Year	3541 Cr	Operating Profit(Quarter)	417 Cr	EBITDA Margin	35.76 %
Current Quarter	1225 Cr	PAT (Year)	1154 Cr	Net Profit Margin	27.0 %
Previous Quarter	1064 Cr	PAT (Quarter)	341 Cr	EPS	15.5
Revenue (QYoY)	1118 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	44.8	Sales Growth	11.9 %	Sales Growth	15.13 %
PEG Ratio	1.39	PAT Growth	17.04 %	Sales Growth QYoY	9.57 %
EV/EBITDA	30.6	EPS Growth	11.51 %	PAT Growth	10.71 %
P/B	15.7	Dividend Yield	1.02	PAT Growth QYoY	10.0 %
Capital Allocation		Holdings		Leverage	
RoE	40.4 %	Promoter	62.4 %	Debt/Equity	0.01
RoA	20.6 %	FII	7.45 %	Debt	42.3 Cr
RoCE	53.8 %	DII	13.7 %	Market Cap	55224 Cr
RoIC	40.9 %	Public	16.4 %	Enterprise value	52861 Cr
		No of Shares	80.0 Cr	Cash Equivalents	2406 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

The recent earnings call for IRCTC highlighted several new initiatives and strategic directions. The company reported an all-time high revenue of INR1,225 crores and a profit of INR341 crores for Q3 FY '25, marking a 10% revenue growth and a 14% increase in profit after tax year-on-year. A key focus is on expanding the Rail Neer segment, with the addition of a new plant in Vijayawada and plans for three more plants in the coming financial year, which will increase capacity by approximately 2 lakh bottles. The company is also enhancing its catering infrastructure by transitioning to a licensing model and clustering mode for tendering, which is expected to improve margins despite an initial squeeze due to the closure of nine base kitchens.

IRCTC's business strategies include leveraging the ongoing Kumbh Mela by operating eight Bharat Gaurav tourist trains and setting up a fully booked Mahakumbh Gram-Tent City. The Internet ticketing segment, which accounts for 87.42% of bookings, is nearing saturation, prompting the company to explore non-conventional income sources beyond convenience fees. The segment reported a revenue of INR353.72 crores, with a strong EBITDA margin of 84.71%. The tourism segment saw remarkable growth, driven by luxury trains like Maharaja Express and Tejas Express, contributing to an 80% quarter-on-quarter revenue increase.

Looking ahead, IRCTC is optimistic about future growth and scaling opportunities. The introduction of new trains, including Vande Bharat sleeper trains, is expected to boost catering volumes. The company is also focusing on enhancing its e-Catering business, with significant growth in average meals served per day. The management is confident in sustaining and potentially improving margins across segments, particularly in tourism, where there is a global interest in India's luxury train offerings. The company's net worth stands at INR3,546 crores, reflecting its robust financial health and strategic execution.

While the company's performance is commendable, there are areas for improvement. The catering segment's EBITDA margin declined to 12.19% from 15.44% year-on-year, highlighting the need for efficiency improvements. Additionally, the Internet ticketing growth may be limited due to market saturation, necessitating innovative revenue streams. The company's focus on infrastructure and capacity expansion is promising, but execution will be key to realizing these growth opportunities. Overall, IRCTC's strategic initiatives and market positioning provide a solid foundation for continued success, with potential for further enhancement in operational efficiencies and revenue diversification.

IRCTC Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
IRCTC	55224.00	44.80	40.45%	15.10%	9.51%	10.85%	9.90%

Aspect	Commentary
Revenue	The company achieved a significant revenue increase, with current year sales at 4561 Cr, up from 3541 Cr the previous year. Quarterly revenue also rose to 1225 Cr from 1064 Cr, indicating strong growth momentum. This reflects effective strategic initiatives and market demand, positioning the company well for future expansion.
Profit & Loss	Operating profit for the year reached 1527 Cr, with a quarterly figure of 417 Cr. PAT for the year was 1154 Cr, and 341 Cr for the quarter. These figures highlight robust profitability, driven by efficient cost management and revenue growth, underscoring the company's strong financial health.
Profitability Matrix	The company maintains a healthy operating profit margin of 33.5% and an EBITDA margin of 35.76%. The net profit margin stands at 27.0%, with an EPS of 15.5. These metrics indicate strong operational efficiency and profitability, reflecting effective management and strategic execution.
Valuation Matrix	The trailing P/E ratio is 44.8, with a PEG ratio of 1.39, and EV/EBITDA at 30.6. The P/B ratio is 15.7. These valuation metrics suggest the company is valued at a premium, reflecting investor confidence and growth potential, though it may also indicate high market expectations.
Growth (YoY)	Year-over-year growth shows sales increased by 11.9%, PAT by 17.04%, and EPS by 11.51%. The dividend yield is 1.02. This growth trajectory highlights the company's ability to expand its market presence and enhance shareholder value through consistent performance.
Growth (QoQ)	Quarter-over-quarter growth reveals a 15.13% increase in sales, with a 9.57% QYoY growth. PAT grew by 10.71%, with a QYoY increase of 10.0%. These figures demonstrate the company's strong quarterly performance and its capacity to sustain growth momentum.
Capital Allocation	The company exhibits strong capital efficiency with RoE at 40.4%, RoA at 20.6%, RoCE at 53.8%, and RoIC at 40.9%. These metrics indicate effective capital allocation strategies, maximizing returns on investments and enhancing overall financial performance.
Holdings	Promoter holdings are at 62.4%, with FII at 7.45%, DII at 13.7%, and public at 16.4%. The number of shares is 80.0 Cr. This ownership structure suggests strong promoter confidence and a balanced investor base, supporting stable governance and strategic direction.
Leverage	The company maintains a low debt/equity ratio of 0.01, with total debt at 42.3 Cr. The market cap is 55224 Cr, and enterprise value is 52861 Cr, with cash equivalents of 2406 Cr. This low leverage indicates financial stability and flexibility for future investments.

**Analyst viewpoint:** IRCTC continues to demonstrate robust growth potential from a short to mid-term perspective, fueled by strategic initiatives and strong market demand. With a 15.13% quarter-over-quarter sales growth and a record revenue of INR 1,225 crores in Q3 FY '25, the company stands out for its capacity to sustain upward momentum. Notably, the expansion of the Rail Neer segment and the enhancement of its catering services through a new licensing model underscore IRCTC's commitment to operational excellence and diversification. These strategies, coupled with an impressive return on equity of 40.4% and a low debt-to-equity ratio of 0.01, reflect outstanding capital management and pave the way for future scalability. As a market leader, IRCTC's valuation metrics, including a P/E of 44.8, showcase investor confidence and the company's potential to exceed high market expectations.

Additionally, IRCTC is actively capitalizing on tourism opportunities, from luxury train experiences to leveraging major events like the Kumbh Mela, which have contributed to an 80% increase in tourism segment revenue quarter-on-quarter. Furthermore, management's proactive approach in addressing Internet ticketing saturation by exploring non-conventional revenue streams illustrates their strategic foresight. While these commendable efforts set a solid foundation for ongoing success, it's pertinent to monitor the catering segment's EBITDA margin, which saw a decline year-on-year, suggesting room for efficiency improvements. Overall, IRCTC's strategic direction and market performance continue to inspire confidence for investors aiming to benefit in the short to mid-term horizon.

Please read detailed disclosure on next page.

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BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
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