

Price: 728

Recommendation: Buy

Industry: Tour, Travel Related

Sector: Consumer Discretionary

Report Date: 29-Mar-2025

IRCTC recently reported record revenue of INR1,225 crores and a profit of INR341 crores for Q3 FY '25, with significant contributions from Catering and Tourism. The company is expanding infrastructure, including base kitchens and Rail Neer plants, and diversifying income sources. Despite challenges in catering margins and internet ticketing saturation, IRCTC is optimistic about growth through new trains, luxury tourism, and potential payment gateway ventures.

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	47.2	Sales Growth	11.9 %	Sales Growth	15.13 %
PEG Ratio	1.47	PAT Growth	17.04 %	Sales Growth QYoY	9.57 %
EV/EBITDA	32.3	EPS Growth	11.51 %	PAT Growth	10.71 %
P/B	16.5	Dividend Yield	0.96	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	58200 Cr
RoIC	40.9 %	Public	16.4 %	Enterprise value	55837 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. The Catering and Tourism segments were significant contributors, with revenue increases of 15% and 80% respectively. The company is focusing on infrastructure development, particularly in creating a network of base kitchens across India, which is expected to enhance their catering business as new trains are introduced. Additionally, the Rail Neer segment saw capacity expansion with the inauguration of a new plant in Vijayawada, and plans for further capacity additions are underway.

IRCTC is actively pursuing diversification and growth strategies. The company has adopted a new tendering process through a clustering mode, which is expected to improve margins by not charging 15% on billing. The focus is on enhancing non-conventional income sources beyond the convenience fee, as the internet ticketing segment nears saturation with 87.42% of tickets booked through their portal. The company is also leveraging the ongoing Kumbh Mela by operating Bharat Gaurav tourist trains and setting up a tent city, which are fully booked, indicating strong demand. The e-Catering business has expanded significantly, with daily meal orders increasing from 2,000 to over 100,000, showcasing the success of partnerships with platforms like Swiggy and Zomato.

Looking ahead, IRCTC is poised for continued growth and scaling. The introduction of new trains, including Vande Bharat and sleeper trains, is expected to drive volume growth in the catering segment. The company is also exploring opportunities in the payment gateway business, with a potential RBI license that could significantly enhance their market position. The tourism segment, bolstered by luxury trains like the Maharaja Express and Golden Chariot, is expected to maintain its momentum, with plans to increase the share of luxury train operations. The management remains optimistic about sustaining high margins and expanding their market presence.

While the company's performance is robust, there are areas for improvement. The catering margin has declined from 13.8% to 12.2%, attributed to the closure of base kitchens and the transition to a licensing model. However, the management anticipates margin improvements as infrastructure investments bear fruit. The internet ticketing segment faces limited growth potential due to market saturation, but efforts to maximize non-fare revenues are underway. Overall, IRCTC's strategic initiatives and infrastructure investments position it well for future growth, though careful management of margins and diversification efforts will be crucial to sustaining long-term success.

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	58200.00	47.18	40.45%	15.10%	9.51%	10.85%	9.90%

Aspect	Commentary
Revenue	The company achieved a notable increase in revenue, with a year-on-year growth of 11.9% and a quarter-on-quarter growth of 15.13%. This indicates strong sales performance, driven by strategic initiatives and market demand, positioning the company for continued expansion and market penetration.
Profit & Loss	The profit and loss statement reflects a robust financial performance, with a year-on-year PAT growth of 17.04% and a quarter-on-quarter growth of 10.71%. This suggests effective cost management and operational efficiency, contributing to the company's profitability and financial health.
Profitability Matrix	The profitability matrix shows strong margins, with an operating profit margin of 33.5% and a net profit margin of 27.0%. These figures highlight the company's ability to maintain high profitability levels, ensuring sustainable financial performance and shareholder value.
Valuation Matrix	The valuation metrics indicate a high market valuation, with a trailing P/E of 47.2 and a PEG ratio of 1.47. These suggest that the market has high growth expectations for the company, reflecting investor confidence in its future prospects and strategic direction.
Growth (YoY)	Year-on-year growth metrics are positive, with sales growth at 11.9% and EPS growth at 11.51%. This consistent growth trajectory underscores the company's ability to expand its market presence and enhance shareholder returns through strategic initiatives.
Growth (QoQ)	Quarter-on-quarter growth is strong, with sales growth at 15.13% and PAT growth at 10.71%. These figures indicate effective short-term strategies and operational execution, contributing to the company's dynamic growth and market adaptability.
Capital Allocation	The capital allocation metrics reveal efficient use of resources, with a RoE of 40.4% and RoCE of 53.8%. These high returns on capital employed demonstrate the company's ability to generate significant value from its investments and strategic initiatives.
Holdings	The holdings structure shows a strong promoter holding of 62.4%, indicating confidence in the company's management and strategic direction. Institutional and public holdings are balanced, providing a stable shareholder base and market credibility.
Leverage	The leverage metrics indicate a conservative financial structure, with a debt/equity ratio of 0.01. This low leverage suggests prudent financial management, minimizing risk and enhancing the company's ability to invest in growth opportunities without significant debt burden.

Analyst viewpoint: IRCTC's recent quarterly results underscore a strong and dynamic growth trajectory, with its revenue climbing 15.13% QoQ and an admirable PAT growth of 10.71% QoQ. This growth has been bolstered by the company's strategic investments in infrastructure and diversification, particularly in its burgeoning Catering and Tourism segments, which reported impressive increases. Additionally, IRCTC's lean capital structure, with a negligible debt/equity ratio of 0.01, amplifies its growth potential and reduces financial risk, allowing greater investment in emerging opportunities. Market metrics further highlight investor confidence, with a trailing P/E ratio of 47.2, suggesting positive market sentiment and future growth assumptions.

We are undeniably bullish on IRCTC from a short to mid-term perspective given its strong financial health, strategic expansion into luxury tourism, and potential entry into the payment gateway space. With robust capital allocation metrics reflected by a RoE of 40.4% and RoCE of 53.8%, the company shows exceptional competency in generating shareholder value. However, the saturation in the internet ticketing segment signals a potential stagnation risk in that area, although management's diversification and margin improvement plans appear well-aligned to mitigate this.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclaimers:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Terms & Conditions:

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

Payment and Renewal:

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

Limitation of Liability:

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

No Investment Advice:

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

Termination:

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

No Guarantee: While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

Review and Update: Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to hello@goalfi.app

Website: goalfiresearch.smallcase.com