

**Price:** 738

**Recommendation:** Buy

**Industry:** Tour, Travel Related

**Sector:** Consumer Discretionary

**Report Date:** 03-Apr-2025

IRCTC recently reported record revenue of INR1,225 crores and a profit of INR341 crores for Q3 FY '25, with significant growth in Catering and Tourism. The company is shifting to a licensing model for catering and expanding its base kitchens. New Rail Neer plants and luxury trains like Maharaja Express are boosting the Tourism segment. IRCTC is optimistic about growth, focusing on new trains and enhancing e-Catering, while exploring non-fare revenue opportunities.

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	47.9	Sales Growth	11.9 %	Sales Growth	15.13 %
PEG Ratio	1.49	PAT Growth	17.04 %	Sales Growth QYoY	9.57 %
EV/EBITDA	32.8	EPS Growth	11.51 %	PAT Growth	10.71 %
P/B	16.8	Dividend Yield	0.95	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	59068 Cr
RoIC	40.9 %	Public	16.4 %	Enterprise value	56705 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 year-on-year. The Catering and Tourism segments were significant contributors, with revenue increases of 15% and 80% respectively. A key initiative is the shift to a licensing model for catering, which has temporarily squeezed margins but is expected to improve as new trains are introduced. The company is also focusing on creating a network of base kitchens across India to support the anticipated increase in catering business.

IRCTC is actively pursuing diversification and growth through several strategic initiatives. The company has added a new Rail Neer plant in Vijayawada, with plans for three more plants in the coming financial year, which will increase capacity by approximately 2 lakh bottles. The Tourism segment has seen remarkable growth, driven by luxury trains like the Maharaja Express and the introduction of Bharat Gaurav tourist trains. The company is also capitalizing on events like the Kumbh Mela by running special trains and setting up tent cities, which are fully booked. These efforts are expected to enhance both revenue and margins.

Looking ahead, IRCTC is optimistic about its growth and scaling prospects. The company is preparing for the introduction of new trains, including Vande Bharat sleeper trains, which will drive volume growth in the Catering segment. The Internet Ticketing segment, while nearing saturation with 87% of tickets booked online, is exploring non-conventional income sources to sustain growth. The company is also enhancing its e-Catering business, with significant growth in the number of meals served. The management is confident that the margins in the Tourism segment, bolstered by luxury train operations, will remain strong or improve further.

From a positive perspective, IRCTC's strategic initiatives and robust financial performance underscore its resilience and growth potential. The company's focus on infrastructure development and diversification into high-margin segments like luxury tourism is commendable. However, there are areas for improvement, such as addressing the temporary margin squeeze in the Catering segment and exploring further opportunities in non-fare revenue streams. The company's ability to sustain its growth momentum will depend on effectively managing these challenges and capitalizing on emerging opportunities in the railway and tourism sectors.

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	59068.00	47.89	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. This growth is driven by strong performance in key segments, reflecting effective strategic initiatives and market expansion efforts.
Profit & Loss	Operating profit for the year stands at 1527 Cr, with a PAT of 1154 Cr, indicating robust profitability. The quarterly figures also show strength, with operating profit at 417 Cr and PAT at 341 Cr, underscoring consistent financial health.
Profitability Matrix	The company maintains strong profitability metrics, with an operating profit margin of 33.5% and a net profit margin of 27.0%. The EBITDA margin is also healthy at 35.76%, reflecting efficient cost management and revenue generation.
Valuation Matrix	The valuation metrics indicate a high market valuation, with a trailing P/E of 47.9 and a PEG ratio of 1.49. The EV/EBITDA ratio is 32.8, and the P/B ratio is 16.8, suggesting investor confidence and growth expectations.
Growth (YoY)	Year-over-year growth is positive, with sales growth at 11.9% and PAT growth at 17.04%. EPS growth is 11.51%, and the dividend yield is 0.95%, indicating strong performance and shareholder returns.
Growth (QoQ)	Quarter-over-quarter growth is robust, with sales growth at 15.13% and PAT growth at 10.71%. The QYoY figures also show positive trends, with sales growth at 9.57% and PAT growth at 10.0%, highlighting ongoing momentum.
Capital Allocation	The company demonstrates effective capital allocation, with a RoE of 40.4%, RoA of 20.6%, and RoCE of 53.8%. The RoIC is 40.9%, indicating strong returns on invested capital and efficient use of resources.
Holdings	The ownership structure shows a strong promoter holding at 62.4%, with FII at 7.45% and DII at 13.7%. Public holding is 16.4%, reflecting a balanced distribution of shares and potential for market influence.
Leverage	The company maintains a low leverage position, with a debt/equity ratio of 0.01 and total debt at 42.3 Cr. The market cap is 59068 Cr, and cash equivalents are 2406 Cr, indicating financial stability and low risk.

**Analyst viewpoint:** IRCTC has demonstrated an impressive upward momentum in the recent quarters, marked by a significant revenue increase to INR 1,225 crores for Q3 FY '25 and a 14% rise in profit year-over-year. This robust growth is driven by strategic expansions in the Catering and Tourism segments, where revenues jumped 15% and 80% respectively. The company is strategically advancing with initiatives like the shift to a licensing model in catering, establishment of base kitchens across India, and enhancement of the e-Catering business. IRCTC's capital allocation is exceptionally sound with a RoE of 40.4% and a RoCE of 53.8%, emphasizing efficient utilization of resources. The company's valuation remains strong with a trailing P/E of 47.9, signaling investor confidence bolstered by a healthy balance sheet and a low debt/equity ratio of 0.01.

Looking ahead, IRCTC's ambitious plans, such as introducing new Vande Bharat sleeper trains and boosting its Rail Neer production, promise further market penetration and revenue expansion. The company's strategic diversification, featuring high-margin luxury tourism operations and exploration of non-conventional income streams, aligns with its growth vision. Despite these positives, the temporary margin squeeze from the catering segment's transition could be an area of mild concern. Overall, IRCTC's innovation-driven efforts and effective capital management position it favorably for sustained growth in the short to mid-term.

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
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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