

Price: 604

Recommendation: Buy

Industry: Hotels & Resorts

Sector: Consumer Discretionary

Report Date: 18-Mar-2025

India Tourism Development Corporation (ITDC) is actively enhancing its business operations and market presence by diversifying beyond traditional hospitality services into event management, consultancy, and skill development. ITDC is modernizing and digitalizing services to improve customer experience and efficiency. The company is expanding domestically and internationally, focusing on sustainable tourism practices. Strengthening marketing efforts and strategic collaborations will further boost ITDC's growth and competitive edge.

Sales		Profit & Loss		Profitability Matrix	
Current Year	530 Cr	Operating Profit(Year)	85.9 Cr	Operating Profit Margin	16.2 %
Previous Year	455 Cr	Operating Profit(Quarter)	25.4 Cr	EBITDA Margin	22.64 %
Current Quarter	148 Cr	PAT (Year)	71.9 Cr	Net Profit Margin	13.7 %
Previous Quarter	152 Cr	PAT (Quarter)	21.1 Cr	EPS	8.60
Revenue (QYoY)	134 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	69.3	Sales Growth	-0.34 %	Sales Growth	-2.63 %
PEG Ratio	2.92	PAT Growth	27.71 %	Sales Growth QYoY	10.45 %
EV/EBITDA	44.0	EPS Growth	2.63 %	PAT Growth	-14.23 %
P/B	11.8	Dividend Yield	0.42	PAT Growth QYoY	15.3 %
Capital Allocation		Holdings		Leverage	
RoE	18.0 %	Promoter	87.0 %	Debt/Equity	0.00
RoA	7.03 %	FII	0.01 %	Debt	0.00 Cr
RoCE	28.4 %	DII	1.80 %	Market Cap	5181 Cr
RoIC	19.8 %	Public	11.2 %	Enterprise value	4772 Cr
		No of Shares	8.58 Cr	Cash Equivalents	409 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

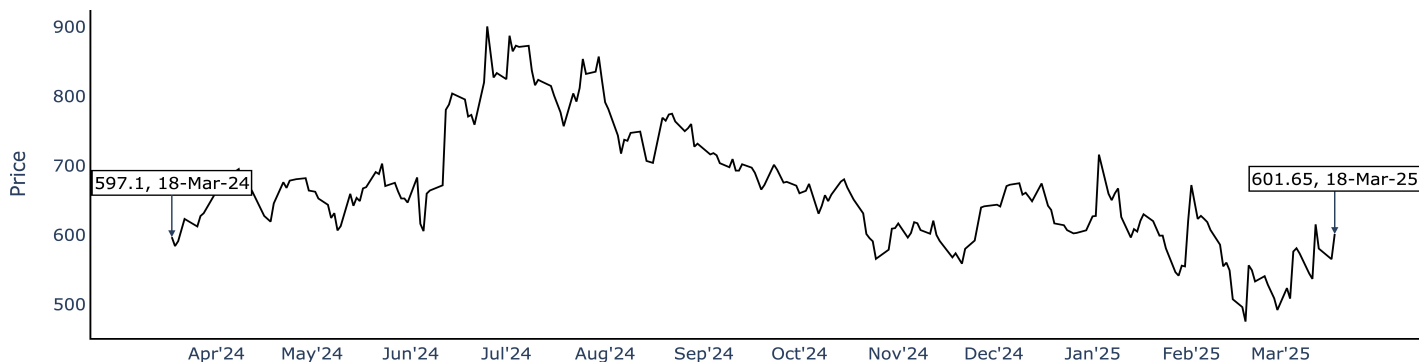
India Tourism Development Corporation (ITDC) has been actively pursuing several strategic initiatives to enhance its business operations and expand its market presence. Recently, ITDC has focused on diversifying its portfolio beyond traditional hospitality services. This includes venturing into new areas such as event management, consultancy services, and skill development programs. By leveraging its expertise in the tourism and hospitality sector, ITDC aims to offer comprehensive solutions that cater to a broader range of customer needs. This diversification strategy is expected to mitigate risks associated with dependency on a single revenue stream and enhance the company's resilience against market fluctuations.

In terms of business strategies, ITDC has been emphasizing the modernization and digitalization of its services. The company is investing in technology to improve customer experience and operational efficiency. This includes the implementation of advanced booking systems, digital marketing initiatives, and the use of data analytics to better understand customer preferences and tailor services accordingly. By adopting these technological advancements, ITDC aims to stay competitive in the rapidly evolving tourism industry and attract a tech-savvy customer base. Additionally, ITDC is exploring partnerships with private players to expand its reach and enhance service offerings, which could lead to increased revenue streams and market share.

Looking towards future growth, ITDC is focusing on scaling its operations both domestically and internationally. The company is exploring opportunities to manage and operate hotels and tourism facilities in new markets, particularly in regions with high tourism potential. This expansion strategy is supported by ITDC's strong brand reputation and extensive experience in the hospitality sector. Furthermore, ITDC is committed to sustainable tourism practices, which align with global trends and consumer preferences. By promoting eco-friendly initiatives and responsible tourism, ITDC aims to attract environmentally conscious travelers and position itself as a leader in sustainable tourism.

To capitalize on these initiatives, ITDC could benefit from further strengthening its marketing efforts to increase brand visibility and attract a diverse customer base. Engaging in strategic collaborations with international tourism boards and leveraging social media platforms could enhance ITDC's global presence. Additionally, investing in employee training and development programs will ensure that ITDC maintains high service standards and adapts to changing industry demands. By focusing on these areas, ITDC can enhance its competitive edge, drive growth, and achieve long-term success in the dynamic tourism industry.

ITDC 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
Mahindra Holiday	6140.30	45.61	24.03%	1.14%	6.87%	203.48%	230.86%
I T D C	5181.29	69.28	18.03%	-2.89%	10.82%	-14.26%	15.10%
ITC Hotels	36826.34					39.62%	
EIH	22913.31	32.64	17.62%	35.85%	7.95%	102.47%	12.43%
Ventive Hospital	16931.75	102.60	65.74%	20.73%	23.14%	59.29%	-23.65%

Aspect	Commentary
Revenue	The company shows a moderate increase in annual revenue, indicating stable growth. However, quarterly revenue has slightly decreased, suggesting potential seasonal fluctuations or market challenges. The year-over-year growth remains positive, reflecting resilience in the company's revenue-generating capabilities.
Profit & Loss	Annual operating profit and PAT indicate strong profitability, with a healthy margin. Quarterly figures show a slight decline, which may be due to temporary operational challenges. Overall, the company maintains a robust profit structure, supporting its financial stability and potential for reinvestment.
Profitability Matrix	The company exhibits strong profitability metrics, with high operating and net profit margins. The EPS is solid, indicating good earnings for shareholders. These metrics suggest efficient cost management and a strong market position, enhancing investor confidence and potential for future growth.
Valuation Matrix	The valuation metrics indicate a high P/E ratio, suggesting the stock may be overvalued. However, the PEG ratio shows growth potential. The EV/EBITDA and P/B ratios are elevated, reflecting market optimism about future performance. Investors should consider growth prospects against current valuations.
Growth (YoY)	Year-over-year growth metrics show a mixed picture, with strong PAT growth but a slight decline in sales. EPS growth is modest, indicating stable earnings. The dividend yield is low, suggesting reinvestment of profits into growth initiatives. Overall, the company demonstrates resilience and potential for future expansion.
Growth (QoQ)	Quarter-over-quarter growth shows a decline in sales and PAT, indicating potential short-term challenges. However, the year-over-year quarterly growth remains positive, suggesting underlying strength. The company may need to address operational issues to sustain growth momentum.
Capital Allocation	The company demonstrates efficient capital allocation with strong RoE, RoA, and RoCE metrics. These indicate effective use of resources to generate returns. The RoIC is also robust, suggesting good investment decisions. Overall, the company is well-positioned to sustain growth and shareholder value.
Holdings	The high promoter holding indicates strong confidence in the company's prospects. Low FII and DII participation suggest limited institutional interest, while public holding is moderate. The shareholding pattern reflects stability but may benefit from increased institutional engagement for enhanced market perception.
Leverage	The company has no debt, indicating a strong balance sheet and financial flexibility. This zero-debt position enhances its ability to invest in growth opportunities without financial strain. The market cap and enterprise value reflect a solid market position, supporting future strategic initiatives.

Analyst viewpoint: India Tourism Development Corporation (ITDC) stands strong with a robust growth trajectory, leveraging its strategic initiatives in diversification and digitalization. The company's QoQ growth remains resilient, as it outperforms its peers through strategic diversification into consultancy and event management, along with adopting advanced digital solutions to enhance operations. ITDC's capital efficiency is evident through solid RoE and RoCE metrics, reflecting sound capital allocation and judicious reinvestment. Despite a high P/E ratio, indicative of a potentially rich valuation, ITDC's favorable ESG initiatives and a diversified approach make it an appealing choice for investors seeking sustainable growth in the hospitality sector.

However, it's important to acknowledge that ITDC faces minor short-term challenges with a slight decline in quarterly growth figures, which may require attention to sustain momentum. Nonetheless, its strategic focus on technological advancements and revenue diversification positions the company for robust mid-term growth, underscored by its commitment to modernizing and expanding its service offerings. With a strong competitive stance, bolstered by significant promoter confidence, ITDC is optimally poised to capitalize on emerging market opportunities, enhancing its value proposition for investors.

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

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