

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.

