PL Capital
PRABHUDAS LILLADHER

Indian Railway Catering and Tourism Corporation (IRCTC IN)

Rating: HOLD | CMP: Rs751 | TP: Rs809

February 12, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	809		835	
Sales (Rs. m)	51,671	55,678	52,176	56,192
% Chng.	*(1.0)*	*(0.9)*		
EBITDA (Rs. m)	17,647	19,429	17,908	19,460
% Chng.	*(1.5)*	*(0.2)*		
EPS (Rs.)	17.6	19.2	17.6	18.9
% Chng.	*(0.2)*	*1.5*		

Key Financials - Standalone

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	42,702	47,234	51,671	55,678
EBITDA (Rs. m)	14,660	16,124	17,647	19,429
Margin (%)	*34.3*	*34.1*	*34.2*	*34.9*
PAT (Rs. m)	11,696	13,098	14,043	15,361
EPS (Rs.)	14.6	16.4	17.6	19.2
Gr. (%)	*19.5*	*12.0*	*7.2*	*9.4*
DPS (Rs.)	6.5	7.1	7.6	8.4
Yield (%)	*0.9*	*1.0*	*1.0*	*1.1*
RoE (%)	*41.0*	*36.4*	*32.2*	*29.6*
RoCE (%)	*49.4*	*42.9*	*38.1*	*35.4*
EV/Sales (x)	13.5	12.1	11.0	10.0
EV/EBITDA (x)	39.4	35.6	32.1	28.7
PE (x)	51.4	45.9	42.8	39.1
P/BV (x)	18.6	15.1	12.6	10.7

Key Data	INIR.BO | IRCTC IN
52-W High / Low	Rs.1,148 / Rs.736
Sensex / Nifty	76,294 / 23,072
Market Cap	Rs.601bn/ $ 6,919m
Shares Outstanding	800m
3M Avg. Daily Value	Rs.1094.38m

Shareholding Pattern (%)

Promoter's	62.40
Foreign	7.45
Domestic Institution	13.73
Public & Others	16.43
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(3.6)	(19.0)	(20.0)
Relative	(2.2)	(15.4)	(25.0)

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Margin in internet ticketing improves

Quick Pointers:

- ~125mn tickets booked with a convenience fee income of Rs2.5bn.

IRCTC's operational performance was broadly in-line with our estimate with EBITDA margin of 34.0% (PLe 33.0%). EBIT margin of internet ticketing was at a 7-quarter high of 84.7% presumably led by an improvement in yield (realization per ticket was Rs20) which could be a function of better product mix (higher share of AC or non-UPI tickets). As e-ticketing penetration has reached ~87%, we expect non-convenience pie to drive the revenue growth in internet ticketing division. As for Rail Neer, addition of 3 new plants will provide the growth fillip while catering division has embedded optionality arising from 1) rising e-catering volumes 2) potential in non-railway catering and 3) launch of Vande Bharat trains. We expect sales/PAT CAGR 9%/8% over FY25E-FY27E and retain HOLD on the stock with a TP of Rs809. We have revised our target multiple to 44x (earlier 48x) as we roll-forward our valuation to Sep-26E.

Revenue up 9.5% YoY: Revenue increased 9.5% YoY to Rs12,247mn (PLe Rs12,380mn). Catering revenue was up by 9.3% YoY to Rs5,548mn (PLe Rs5,687mn) with an EBIT margin of 12.2% (PLe 15.0%). Internet ticketing revenue increased 5.5% YoY to Rs3,537mn (PLe Rs3,385mn) with an EBIT margin of 84.7% (PLe 83.0%). Rail Neer revenue surged 15.0% YoY to Rs964mn (PLe Rs1,047mn) with an EBIT margin of 12.3% (PLe 12.8%). Revenue from Tourism was up by 16.1% YoY to Rs to Rs2,237mn (PLe Rs2,261mn).

EBITDA increased 5.7% YoY: EBITDA increased 5.7% YoY to Rs4,166mn (PLe Rs4,084mn) with a margin of 34.0% (PLe of 33.0%). PAT increased 13.7% YoY to Rs3,411mn (PLe of Rs3,240mn) with a margin of 27.9% (PLe 26.2%). Bottom-line was higher than our estimate due to lower than expected depreciation expenses.

Con-call highlights: 1) MoR's has launched SwaRail, a new app, offering variety of rail services including online ticketing. As SwaRail's API will be integrated with IRCTC, there will be no loss of business. In addition, IRCTC is not liable to share any fee with SwaRail. **2)** E-catering revenue for the quarter stood at Rs150mn. **3)** In 3QFY25, convenience/non-convenience revenue stood at Rs2.5bn/Rs1.0bn respectively. **4)** The new office building will be capitalized in 4QFY25E and hence the depreciation run rate is likely to increase from hereon. **5)** In 3QFY25, internet ticketing penetration has reached ~87.4%. **6)** Luxury trains operate with a margin of 30% and revenue for FY25E is estimated at Rs950mn. **7)** Rail Neer's manufacturing capacity stands at 18.4 lakh bottles per day, which is set to increase by 2 lakh bottles per day with addition of 3 new plants in FY26E. **8)** 8 Bharat Gaurav trains are being operated specifically for Kumbh Mela. **9)** Application for payment aggregation license has been made to the RBI and approval is awaited. **10)** Maharaja Express generated Rs380mn in revenue for the quarter.

Exhibit 1: Q3FY25 Result Overview (Rs mn)

Y/e March	3QFY25	3QFY24	YoY gr.	2QFY25	QoQ gr.	3QFY25E	% Var.	9MFY25	9MFY24	YoY gr.
Net sales	**12,247**	**11,183**	***9.5%***	**10,640**	***15.1%***	**12,380**	***-1.1%***	**34,062**	**31,085**	*9.6%*
Total raw material cost	675	691	*-2.4%*	616	*9.6%*	792	*-14.8%*	2,187	1,938	*12.8%*
As a % of sales	*5.5%*	*6.2%*		*5.8%*		*6.4%*		*6.4%*	*6.2%*	
Expenses of catering	4,111	3,487	*17.9%*	3,465	*18.7%*	3,981	*3.3%*	11,518	9,730	*18.4%*
As a % of sales	*33.6%*	*31.2%*		*32.6%*		*32.2%*		*33.8%*	*31.3%*	
Expenses of tourism	1,605	1,492	*7.6%*	1,050	*52.8%*	1,809	*-11.3%*	3,606	3,931	*-8.3%*
As a % of sales	*13.1%*	*13.3%*		*9.9%*		*14.6%*		*10.6%*	*12.6%*	
Manufacturing & direct expenses	470	436	*7.9%*	472	*-0.3%*	476	*-1.2%*	1,409	1,220	*15.5%*
As a % of sales	*3.8%*	*3.9%*		*4.4%*		*3.8%*		*4.1%*	*3.9%*	
Employee expenses	742	752	*-1.3%*	769	*-3.5%*	743	*-0.1%*	2,255	2,053	*9.9%*
As a % of sales	*6.1%*	*6.7%*		*7.2%*		*6.0%*		*6.6%*	*6.6%*	
Other expenses	478	385	*24.1%*	541	*-11.6%*	495	*-3.5%*	1,445	1,179	*22.5%*
As a % of sales	*3.9%*	*3.4%*		*5.1%*		*4.0%*		*4.2%*	*3.8%*	
EBITDA	**4,166**	**3,940**	***5.7%***	**3,728**	***11.7%***	**4,085**	***2.0%***	**11,643**	**11,035**	*5.5%*
EBITDA margin	*34.0%*	*35.2%*		*35.0%*		*33.0%*		*34.2%*	*35.5%*	
Depreciation	133	139	*-4.0%*	131	*1.8%*	248	*-46.1%*	403	416	*-3.0%*
EBIT	**4,032**	**3,801**	***6.1%***	**3,597**	***12.1%***	**3,837**	***5.1%***	**11,240**	**10,619**	*5.8%*
EBIT margin	*32.9%*	*34.0%*		*33.8%*		*31.0%*		*33.0%*	*34.2%*	
Interest cost	32	48	*-32.3%*	31	*4.4%*	33	*-3.8%*	91	133	*-31.4%*
Other income	565	456	*24.1%*	600	*-5.7%*	545	*3.8%*	1,679	1,318	*27.4%*
PBT	**4,566**	**4,209**	***8.5%***	**4,166**	***9.6%***	**4,348**	***5.0%***	**12,828**	**11,805**	*8.7%*
Exceptional items	-	(145)	*NM*	-	*NM*	-		22	(664)	*NM*
Tax expenses	1,155	1,064	*8.6%*	1,087	*6.2%*	1,109	*4.1%*	3,283	2,872	*14.3%*
Tax rate	*25.3%*	*26.2%*		*26.1%*		*25.5%*		*25.5%*	*25.8%*	
PAT	**3,411**	**3,000**	***13.7%***	**3,079**	***10.8%***	**3,240**	***5.3%***	**9,567**	**8,269**	*15.7%*
PAT margin	*27.9%*	*26.8%*		*28.9%*		*26.2%*		*28.1%*	*26.6%*	
EPS (Rs)	4.3	3.7	*13.7%*	3.8	*10.8%*	4.0	*5.3%*	12.0	10.3	*15.7%*
Adjusted PAT	**3,411**	**3,145**	***8.5%***	**3,079**	***10.8%***	**3,240**	***5.3%***	**9,545**	**8,933**	***6.8%***

Source: Company, PL

Exhibit 2: Segmental Breakup (Rs mn)

Y/e March	3QFY25	3QFY24	YoY gr.	2QFY25	QoQ gr.
Catering	5,548	5,078	*9.3%*	4,820	*15.1%*
As a % of sales	*45.2%*	*45.4%*		*45.1%*	
EBIT	675	784	*-13.9%*	615	*9.7%*
EBIT margin	*12.2%*	*15.4%*		*12.8%*	
Internet ticketing	3,537	3,353	*5.5%*	3,710	*-4.6%*
As a % of sales	*28.8%*	*30.0%*		*34.7%*	
EBIT	2,995	2,784	*7.6%*	3,005	*-0.3%*
EBIT margin	*84.7%*	*83.0%*		*81.0%*	
Toursim (Includes State Teertha)	2,237	1,927	*16.1%*	1,244	*79.8%*
As a % of sales	*18.2%*	*17.2%*		*11.7%*	
EBIT	379	237	*60.1%*	(30)	*NM*
EBIT margin	*16.9%*	*12.3%*		*NM*	
Rail Neer	964	838	*15.0%*	902	*6.8%*
As a % of sales	*7.8%*	*7.5%*		*8.5%*	
EBIT	118	(33)	*NM*	90	*31.8%*
EBIT margin	*12.3%*	*NM*		*9.9%*	
Total revenues	**12,286**	**11,195**	***9.7%***	**10,676**	***15.1%***

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	**42,702**	**47,234**	**51,671**	**55,678**
YoY gr. (%)	*20.6*	*10.6*	*9.4*	*7.8*
Cost of Goods Sold	2,454	2,884	3,197	3,431
Gross Profit	40,248	44,350	48,474	52,246
Margin (%)	*94.3*	*93.9*	*93.8*	*93.8*
Employee Cost	2,890	3,023	3,307	3,619
Other Expenses	1,777	1,937	2,015	2,116
EBITDA	**14,660**	**16,124**	**17,647**	**19,429**
YoY gr. (%)	*14.9*	*10.0*	*9.4*	*10.1*
Margin (%)	*34.3*	*34.1*	*34.2*	*34.9*
Depreciation and Amortization	572	665	993	1,065
EBIT	**14,087**	**15,459**	**16,654**	**18,364**
Margin (%)	*33.0*	*32.7*	*32.2*	*33.0*
Net Interest	186	128	155	195
Other Income	1,645	2,250	2,350	2,450
Profit Before Tax	**14,960**	**17,604**	**18,849**	**20,619**
Margin (%)	*35.0*	*37.3*	*36.5*	*37.0*
Total Tax	3,850	4,483	4,807	5,258
Effective tax rate (%)	*25.7*	*25.5*	*25.5*	*25.5*
Profit after tax	**11,111**	**13,120**	**14,043**	**15,361**
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**11,696**	**13,098**	**14,043**	**15,361**
YoY gr. (%)	*19.5*	*12.0*	*7.2*	*9.4*
Margin (%)	*27.4*	*27.7*	*27.2*	*27.6*
Extra Ord. Income / (Exp)	(585)	22	-	-
Reported PAT	**11,111**	**13,120**	**14,043**	**15,361**
YoY gr. (%)	*10.5*	*18.1*	*7.0*	*9.4*
Margin (%)	*26.0*	*27.8*	*27.2*	*27.6*
Other Comprehensive Income	3	-	-	-
Total Comprehensive Income	11,114	13,120	14,043	15,361
Equity Shares O/s (m)	**800**	**800**	**800**	**800**
EPS (Rs)	**14.6**	**16.4**	**17.6**	**19.2**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	**6,008**	**11,108**	**11,908**	**12,708**
Tangibles	5,870	10,970	11,770	12,570
Intangibles	138	138	138	138
Acc: Dep / Amortization	**2,842**	**3,507**	**4,500**	**5,565**
Tangibles	2,736	3,401	4,394	5,459
Intangibles	106	106	106	106
Net fixed assets	**3,166**	**7,600**	**7,407**	**7,142**
Tangibles	3,133	7,568	7,375	7,110
Intangibles	32	32	32	32
Capital Work In Progress	4,425	425	425	425
Goodwill	-	-	-	-
Non-Current Investments	274	274	274	274
Net Deferred tax assets	1,413	1,407	1,414	1,443
Other Non-Current Assets	193	378	413	445
Current Assets				
Investments	-	-	-	-
Inventories	110	259	283	305
Trade receivables	13,743	14,494	15,855	17,085
Cash & Bank Balance	22,776	27,333	34,842	43,852
Other Current Assets	12,237	12,512	13,577	14,435
Total Assets	**60,912**	**67,043**	**77,074**	**88,190**
Equity				
Equity Share Capital	1,600	1,600	1,600	1,600
Other Equity	30,698	38,111	46,045	54,647
Total Networth	**32,298**	**39,711**	**47,645**	**56,247**
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	1,161	709	775	835
Other non current liabilities	175	142	155	167
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	9,977	11,000	12,033	12,966
Other current liabilities	16,340	14,450	15,273	16,443
Total Equity & Liabilities	**60,912**	**67,043**	**77,074**	**88,190**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	14,960	17,582	18,849	20,619
Add. Depreciation	572	665	993	1,065
Add. Interest	-	-	-	-
Less Financial Other Income	1,645	2,250	2,350	2,450
Add. Other	(1,136)	22	-	-
Op. profit before WC changes	14,396	18,269	19,842	21,684
Net Changes-WC	(1,097)	(2,421)	(619)	143
Direct tax	(4,478)	(4,483)	(4,807)	(5,258)
Net cash from Op. activities	**8,822**	**11,364**	**14,417**	**16,569**
Capital expenditures	(2,324)	(1,100)	(800)	(800)
Interest / Dividend Income	1,066	-	-	-
Others	(741)	-	-	-
Net Cash from Invt. activities	**(1,999)**	**(1,100)**	**(800)**	**(800)**
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(3,600)	(5,707)	(6,109)	(6,759)
Interest paid	-	-	-	-
Others	(443)	-	-	-
Net cash from Fin. activities	**(4,043)**	**(5,707)**	**(6,109)**	**(6,759)**
Net change in cash	**2,779**	**4,557**	**7,509**	**9,010**
Free Cash Flow	6,497	10,264	13,617	15,769

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	**11,548**	**11,176**	**10,640**	**12,247**
YoY gr. (%)	*19.7*	*11.6*	*7.2*	*9.5*
Raw Material Expenses	516	896	616	675
Gross Profit	11,031	10,280	10,024	11,572
Margin (%)	*95.5*	*92.0*	*94.2*	*94.5*
EBITDA	**3,627**	**3,749**	**3,728**	**4,166**
YoY gr. (%)	*11.7*	*9.3*	*1.7*	*5.7*
Margin (%)	*31.4*	*33.5*	*35.0*	*34.0*
Depreciation / Depletion	156	139	131	133
EBIT	**3,471**	**3,611**	**3,597**	**4,032**
Margin (%)	*30.1*	*32.3*	*33.8*	*32.9*
Net Interest	53	28	31	32
Other Income	326	514	600	565
Profit before Tax	**3,743**	**4,096**	**4,166**	**4,566**
Margin (%)	*32.4*	*36.7*	*39.2*	*37.3*
Total Tax	979	1,041	1,087	1,155
Effective tax rate (%)	*26.1*	*25.4*	*26.1*	*25.3*
Profit after Tax	**2,765**	**3,055**	**3,079**	**3,411**
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	**2,765**	**3,055**	**3,079**	**3,411**
YoY gr. (%)	*9.3*	*7.5*	*4.5*	*8.5*
Margin (%)	*23.9*	*27.3*	*28.9*	*27.9*
Extra Ord. Income / (Exp)	79	22	-	-
Reported PAT	**2,844**	**3,077**	**3,079**	**3,411**
YoY gr. (%)	*2.0*	*32.5*	*4.5*	*13.7*
Margin (%)	*24.6*	*27.5*	*28.9*	*27.9*
Other Comprehensive Income	(1)	3	(24)	15
Total Comprehensive Income	**2,842**	**3,080**	**3,055**	**3,426**
Avg. Shares O/s (m)	800	800	800	800
EPS (Rs)	**3.5**	**3.8**	**3.8**	**4.3**

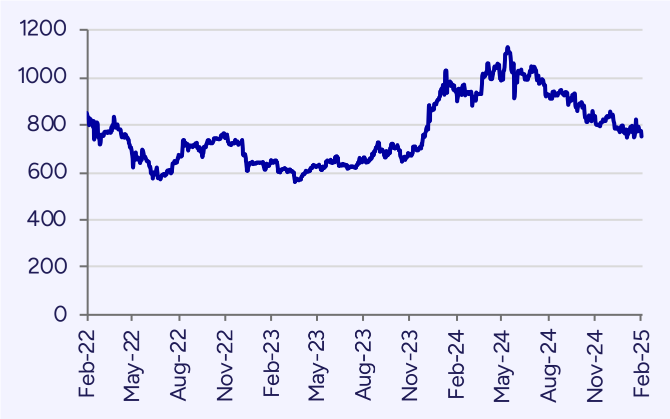
Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	14.6	16.4	17.6	19.2
CEPS	15.3	17.2	18.8	20.5
BVPS	40.4	49.6	59.6	70.3
FCF	8.1	12.8	17.0	19.7
DPS	6.5	7.1	7.6	8.4
Return Ratio(%)				
RoCE	49.4	42.9	38.1	35.4
ROIC	181.5	132.9	140.4	169.0
RoE	41.0	36.4	32.2	29.6
Balance Sheet				
Net Debt : Equity (x)	(0.7)	(0.7)	(0.7)	(0.8)
Net Working Capital (Days)	33	29	29	29
Valuation(x)				
PER	51.4	45.9	42.8	39.1
P/B	18.6	15.1	12.6	10.7
P/CEPS	49.0	43.6	40.0	36.6
EV/EBITDA	39.4	35.6	32.1	28.7
EV/Sales	13.5	12.1	11.0	10.0
Dividend Yield (%)	0.9	1.0	1.0	1.1

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-25	Hold	835	770
2	06-Nov-24	Hold	833	829
3	09-Oct-24	Reduce	822	880
4	17-Aug-24	Reduce	822	925
5	08-Jul-24	Reduce	811	1,026
6	30-May-24	Reduce	811	1,025
7	12-Apr-24	Hold	825	1,023
8	14-Feb-24	Hold	825	929

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	1,064	767
2	Delhivery	Hold	340	315
3	DOMS Industries	BUY	3,370	2,637
4	Imagicaaworld Entertainment	BUY	108	71
5	Indian Railway Catering and Tourism Corporation	Hold	835	770
6	InterGlobe Aviation	BUY	5,246	4,162
7	Lemon Tree Hotels	BUY	175	145
8	Mahindra Logistics	Hold	399	354
9	Navneet Education	Hold	150	140
10	Nazara Technologies	BUY	1,201	985
11	PVR Inox	Hold	1,215	1,090
12	S Chand and Company	BUY	322	205
13	Safari Industries (India)	BUY	2,783	2,383
14	TCI Express	BUY	1,021	791
15	V.I.P. Industries	BUY	463	374
16	Zee Entertainment Enterprises	Hold	137	121

PL's Recommendation Nomenclature (Absolute Performance)

Buy : > 15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Jinesh Joshi- MS(Finance) and CFA, Ms. Stuti Beria- MBA Finance, Mr. Dhvanit Shah- CA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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