

Q1FY25 Result Highlights

- **Q1FY25 witnessed all time high profits due to cost management & operational efficiencies** – Revenue grew ~12% YoY (-3.0% QoQ) to ₹11,201.5mn with revenues from Catering/Internet ticketing/ Rail witnessing growth of 17.1%/13.4%/16.2% YoY to ₹5,589mn/₹3,291mn/₹1,115mn. All segments were EBIT positive even as there was decline in Catering/Rail Neer margin by 67/47bps YoY to 13.9%/12.2% due to increase in admin costs (shared cost allocation) along with one-off impacts from discontinuing Base Kitchen operations and expansion into long-term contracts. Tourism revenue declined 12.4% YoY and 38.1% QoQ to ₹1.25bn due to non operation of Bharat Gaurav trains as well as due to elections with margins at 7.5% v/s -26.8% YoY and 9.4% QoQ. Overall EBITDA increased 9.3% YoY and 3.4% QoQ to ₹3,749.3mn with margin of 33.5% as against a margin of 34.2%/31.4% in Q1FY24/Q4FY24 respectively due to change in product mix, increase in stock purchases and manufacturing expenses. PAT was up 32.5% YoY and 8.3% QoQ to all time of ₹3,077.2mn.
- The management stated that The Indian Railways plans to eliminate waitlist passengers by 2030. With ~\$30bn earmarked for railway infra & advancements like DFC & Vande Bharat, a seamless transition is anticipated. Consistent expansion in capacity and digitisation suggests a promising outlook for internet ticketing driven by enhanced accessibility within the rail network.
- Number of E-Tickets booked in Q1FY25 was at 118.1mn v/s 104.3mn YoY with UPI mix in ticketing stood at 45%v/s 35% YoY. Convenience fees for the quarter were at ₹2.24bn v/s ₹1.98bn YoY, while non-convenience fees were at ₹1.05bn v/s ₹920mn YoY.
- The catering business grew 17.1% YoY and 5.3% QoQ led by higher volumes driven by the addition of Vande Bharat trains, increasing demand and scale of operations. In total catering services are provided to 1,239 trains (117 – prepaid, 440 – express and 702 – mail express with pantry. As per the management, if more Vande Bharat trains are operated the margin are likely to be in the range of 15-20% rather than 12-15% depending on the kind of services provided. Currently +19 aggregators like Swiggy, Zomato etc. are present in the platform with Avg meals/day orders grew 12% YoY and revenue growth of 40% QoQ. The outlook remains positive due to long-term catering contracts, with the E-Catering business surpassing 0.1mn orders per day, MoU with railways to expand capacity in terms of Vande Bharat trains and opportunities arising from the upgrading of 1,400 Amrit Bharat stations, which could enhance revenue from food plazas, lounges, and other services.
- The recent collaborations with Swiggy and Zomato have fueled significant growth, with daily e-catering order bookings surging from 60,000 to over 100k+. Thus, this is likely to generate +₹1.5bn in revenues with 60% gross margins. With 407 stations and 1259 trains already covered and plans for gradual expansion, the outlook for incremental revenue is positive, reflecting the company's strong market position and growth potential.
- Rail-Neer Business grew 16.2% YoY and 34.4% QoQ to Rs1,115mn with EBIT margin at 12.2% v/s 12.6% YoY and 12.8% QoQ. Utilisation has

Important Statistics

Nifty	24,541
Sensex	80,437
MCAP (₹bn)	739.92
52 Week H/L (₹)	1139/636
NSE Code	IRCTC
BSE Code	542830
Bloomberg Code	IRCTC:IN

Shareholding Pattern (%)	Jun'24
Promoter	62.4
DII	13.8
FII	7.8
Public & Others	16.0

Financials

Particulars	(₹ mn)		
	FY21	FY22	FY23
Revenue	7,767	18,795	35,415
EBITDA	1,878	8,735	12,762
<i>EBITDA Margin (%)</i>	<i>24.2</i>	<i>46.5</i>	<i>36.0</i>
Net Profit	1,870	6,596	10,059
EPS (₹)	2.3	8.2	12.6
DPS (₹)	5.0	3.5	5.5
P/E (x)	391.7	111.1	72.8
EV/EBITDA (x)	384.8	82.5	56.3
P/BV (x)	50.3	38.9	29.6
RoE (%)	10.8	39.9	40.6
RoCE (%)	8.7	39.5	45.3

Particulars	FY24	FY25E	FY26E
Revenue	42,702	49,342	55,498
EBITDA	14,660	16,319	18,651
<i>EBITDA Margin (%)</i>	<i>34.3</i>	<i>33.1</i>	<i>33.6</i>
Net Profit	11,111	12,697	14,604
EPS (₹)	13.9	15.9	18.3
DPS (₹)	6.5	7.5	8.5
P/E (x)	65.9	57.7	50.2
EV/EBITDA (x)	48.9	43.5	39.8
P/BV (x)	22.7	19.5	16.4
RoE (%)	34.4	35.9	34.4
RoCE (%)	40.7	36.3	34.9

Source: Company, Way2Wealth

Relative Performance

Return(%)	1Yr	3Yr	5Yr
IRCTC	42.8	71.5	NA
Nifty 50	25.7	46.5	119.6
Sensex	22.5	43.1	112.8

Source: Company, Way2Wealth

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₹924.75/-

 View – **ACCUMULATE**

improved from 73% to 86% (to 17.68 lakhs bottles per day) as 3 plants were added and Vijaywada plant to start operations in Oct'24. In process to add plants in Mysore and Varanasi. No plans to increase prices of the bottles.

- Tourism revenue declined 12.4% YoY and 38.1% QoQ to ₹1.25bn due to non-operation of Bharat Gaurav trains as well as due to elections with margins at 7.5% v/s -26.8% YoY and 9.4% QoQ. Majorly performance of this segment was impacted by non-operation of trains (prepaid & premium) primarily due to the general parliamentary elections in Apr-May'24. The management focus is more on increasing train services (volumes) rather than the margins. The company plans to increase trains services of Bharat Gaurav and State Teertha. Bharat Gaurav margin are at 20% while that of State Teertha are at 9%. Income from Vande Bharat trains was at ₹120mn.
- The company has been upgraded from Miniratna (schedule B) to Navratna (schedule A) by the Government of India.

View

IRCTC's all segments showed strong growth in Q1FY25 and the momentum is likely to continue for the rest of FY25. The management is looking to leverage IR's expanding infra and economic opportunities to capitalise on entire travel journey. With incremental growth expected in ticketing, the management views significant potential in its under-developed segments tourism products for Flights Buses and Hotel which are more of value-add to the margins. The opportunities arising out of catering, potential contract expansions, Vande Bharat- Bharat Gaurav trains, e-Catering and station upgrades augers well for the company in coming quarters. **Hence, we maintain our ACCUMULATE view with the stock trading at P/E 50.2x FY26E EPS of ₹18.3.**

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 View – **ACCUMULATE**
FINANCIAL PERFORMANCE

(₹ mn)								
Particulars	Q1FY25	Q1FY24	YoY (%)	Q4FY24	QoQ(%)	FY24	FY23	YoY (%)
Revenue	11,201.5	10,017.9	11.8	11,547.7	(3.0)	42,701.8	35,414.7	20.6
Cost of matl.	173.5	190.2	(8.8)	167.4	3.7	719.9	756.7	(4.9)
Stock Purchases	716.2	495.3	44.6	357.5	100.3	1,749.6	1,206.9	45.0
Inventories Changes	6.5	8.3	20.8	(8.6)	175.8	(15.3)	(13.2)	(15.3)
Catering Services Exps	3,942.0	3,328.6	18.4	3,940.6	0.0	13,670.4	10,729.0	27.4
Tourism Exps	976.2	1,101.5	(11.4)	1,504.4	(35.1)	5,504.2	4,423.5	24.4
Manufacturing Exps	467.0	380.3	22.8	526.8	(11.4)	1,746.3	1,467.4	19.0
Employee Exps	744.5	662.7	12.4	837.8	(11.1)	2,890.5	2,455.2	17.7
Other Exps	426.2	421.2	1.2	597.4	(28.6)	1,776.6	1,627.0	9.2
EBITDA	3,749.3	3,429.9	9.3	3,624.4	3.4	14,659.6	12,762.2	14.9
EBITDA Margin (%)	33.5	34.2	(77)	31.4	208	34.3	36.0	(171)
Other Income	514.2	392.1	31.1	326.3	57.6	1,644.8	1,204.3	36.6
Depreciation	138.7	136.9	1.3	156.2	(11.2)	572.2	537.3	6.5
Finance Cost	28.2	41.3	(31.6)	53.5	(47.2)	186.4	161.1	15.7
Exps Items	22.1	(519.0)	104.3	78.9	(72.0)	(585.3)	272.0	(315.2)
PBT	4,118.5	3,124.8	31.8	3,819.9	7.8	14,960.4	13,540.1	10.5
Tax	1,041.3	802.6	29.7	978.1	6.5	3,849.7	3,481.3	10.6
Net Profit	3,077.2	2,322.2	32.5	2,841.8	8.3	11,110.8	10,058.8	10.5
EPS (₹)	3.8	2.9	32.5	3.6	8.3	13.9	12.6	10.5
Adjus Net Profit	3,055.1	2,841.2	7.5	2,763.0	10.6	11,696.1	9,786.8	19.5
Adjus EPS (₹)	3.8	3.6	7.5	3.5	10.6	14.6	12.2	19.5
As % Sales			BPS		BPS			BPS
Raw Matl Cost	4.5	5.0	(53)	6.2	(171)	5.7	5.5	24
OPEX	56.2	54.1	204	54.6	158	54.7	52.4	230
Employee Exps	7.3	5.8	144	6.7	53	6.8	6.9	(16)
Other Exps	5.2	6.4	(123)	3.4	173	4.2	4.6	(43)

Source: Company, Way2Wealth

SEGMENTAL REVENUE BREAK UP

(₹ mn)								
Revenue	Q1FY25	Q1FY24	YoY (%)	Q4FY24	QoQ(%)	FY24	FY23	YoY (%)
Catering	5,589	4,771	17.1	5,308	5.3	19,472	14,765	31.9
<i>% of Total Revenue</i>	<i>49.9</i>	<i>47.6</i>	<i>227</i>	<i>46.0</i>	<i>393</i>	<i>45.6</i>	<i>41.7</i>	<i>391</i>
Internet Ticketing	3,291	2,901	13.4	3,424	(3.9)	12,953	11,980	8.1
<i>% of Total Revenue</i>	<i>29.4</i>	<i>29.0</i>	<i>42</i>	<i>29.7</i>	<i>(27)</i>	<i>30.3</i>	<i>33.8</i>	<i>(349)</i>
Tourism	1,249	1,425	(12.4)	2,017	(38.1)	7,010	5,660	23.9
<i>% of Total Revenue</i>	<i>11.1</i>	<i>14.2</i>	<i>(307)</i>	<i>17.5</i>	<i>(632)</i>	<i>16.4</i>	<i>16.0</i>	<i>44</i>
Rail Neer	1,115	959	16.2	830	34.4	3,407	3,146	8.3
<i>% of Total Revenue</i>	<i>10.0</i>	<i>9.6</i>	<i>37</i>	<i>7.2</i>	<i>277</i>	<i>8.0</i>	<i>8.9</i>	<i>(90)</i>

Source: Company, Way2Wealth

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 View – **ACCUMULATE**
SEGMENTAL EBIT BREAK UP

(₹ mn)								
EBIT	Q1FY25	Q1FY24	YoY (%)	Q4FY24	QoQ(%)	FY24	FY23	YoY (%)
Catering	779	697	11.8	464	68.1	2,687	1,680	59.9
<i>Margin (%)</i>	13.9	14.6	(67)	8.7	521	13.8	11.4	242
Internet Ticketing	2,723	2,400	13.5	2,750	(1.0)	10,675	10,209	4.6
<i>Margin (%)</i>	82.8	82.7	3	80.3	244	82.4	85.2	(280)
Tourism	93	(382)	124.5	189	50.7	103	452	(77.3)
<i>Margin (%)</i>	7.5	(26.8)	3,425	9.4	(192)	1.5	8.0	(653)
Rail Neer	136	121	11.9	106	(27.7)	292	364	(19.9)
<i>Margin (%)</i>	12.2	12.6	(47)	12.8	(64)	8.6	11.6	(301)

Source: Company, Way2Wealth

FINANCIALS & VALUATIONS

(₹ mn)							
Particulars	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenue	22,755	7,767	18,795	35,415	42,702	49,342	55,498
EBITDA	7,134	1,878	8,735	12,762	14,660	16,319	18,651
EBITDA Margin (%)	31.4	24.2	46.5	36.0	34.3	33.1	33.6
Net Profit	5,275	1,870	6,596	10,059	11,111	12,697	14,604
EPS (₹)	6.6	2.3	8.2	12.6	13.9	15.9	18.3
DPS (₹)	12.5	5.0	3.5	5.5	6.5	7.5	8.5
P/E (x)	138.9	391.7	111.1	72.8	65.9	57.7	50.2
EV/EBITDA (x)	102.2	384.8	82.5	56.3	48.9	43.5	39.8
P/BV (x)	11.0	50.3	38.9	29.6	22.7	19.5	16.4
RoE (%)	44.4	10.8	39.9	40.6	34.4	35.9	34.4
RoCE (%)	45.7	8.7	39.5	45.3	40.7	36.3	34.9
Cash Balances	12,838	14,605	17,316	19,337	22,776	26,995	35,073
Debtor Days	110	252	120	118	118	116	114
Creditor Days	62	111	70	68	80	74	69
Inventory Days	2	3	2	2	2	2	2
PEG	1	(6)	0	1	6	4	3

Source: Company, Way2Wealth

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Disclosure of Interest Statement Indian Railway Catering & Tourism Corporation Ltd. (IRCTC) as on 19 August 2024

Name of the Security	Indian Railway Catering & Tourism Corporation Ltd (IRCTC)
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained	
Financial Interest	No
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	
Conflict of Interest	No
Receipt of Compensation	No
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