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INVESTMENTS

A quality report by JainMatrix Investments

IRCTC Ltd – Navaratna Back on the Rails – BUY

Date: 10th Apr 2025

- Large Cap with mkt cap ₹57,000 crores.
- CMP: ₹ 715, current PE: 47 Times
- Advice: Buy with a price Target of ₹ 1,179



- **Why IRCTC:** This next gen Railways PSU has monopolies in internet rail ticketing, food and catering and Rail Neer. High potential segments include Tourism, travel packages and running luxury trains. Indian Railways is making high investments in train networks for speed, safety, passenger amenities and eco-friendly operations. These will accelerate trains as a preferred travel mode. IRCTC has a key passenger facing role in this.
- **Why Now:** IRCTC has recovered post Covid and has excellent FY23-25 results. At a PE of 47 times, it is below historical average PE of 55 times, so undervalued. It has also invested on new capacities, new initiatives and better services. Across India we see a travel and tourism rebound at airports, tourist destinations and train stations. Its internet ticketing business is growing share of overall rail tickets, adding to convenience and access. PSUs are safer investments, in a volatile market.
- **Risks:** 1) PSUs are slower to respond to market opportunities 2) Frequent transaction failures and website crashes, especially in Tatkal hours 3) It has vast user data and centralized systems, so is exposed to cyber-attacks, which can be damaging 4) Regulator is GoI and regulatory changes is an issue like loss of monopoly 5) Private online travel firms are raising competition 6) Absolute valuations of PE and EV/EBITDA ratios are high, even after a large recent fall.
- **Opinion:** Buy with a price Target of ₹ 1,179 by May'27, a 65% upside.

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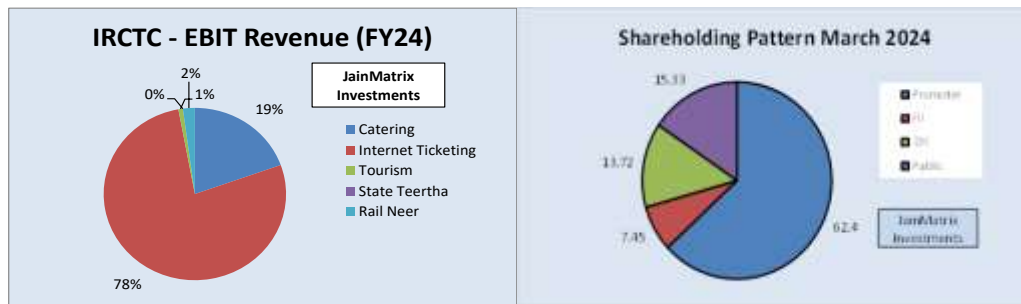
Description and Profile

- IRCTC (Indian Railway Catering & Tourism Corporation) is a listed subsidiary of Indian Railways (IR). Incorporated in 1999, IRCTC has its HO in New Delhi. It operates in 4 business segments of Catering, Internet Ticketing, Tourism, and packaged drinking water under the name “Rail Neer”.

- It reported total revenue of ₹ 4,270 cr. and PAT of ₹ 1,111 cr. for FY24. For the last 8 years the Revenue, EBITDA and PAT grew at 17%, 23% and 27% CAGR. It has 2,726 employees.
- IRCTC runs operations for Indian Railways (IR) in catering services, online railway tickets and packaged water. See Fig 1(a). It has streamlined the ticket booking process with its Online Ticket Booking system, called the advanced Next Generation E-Ticketing (NGET) System.
- IRCTC has established strategic partnerships with leading online travel agencies, including MakeMyTrip, RailYatri, and Goibibo to enhance accessibility and convenience in online tickets. It has 5 zonal offices and 10 regional offices; 1 internet ticketing office, 19 Rail Neer Plants, 11 base kitchens and 1 tourism office across India.
- Revenue from Catering services is 46%, Internet ticketing-30, Tourism-16; Rail Neer 8%. See Fig 1(b).
- Management team – Sanjay Kumar Jain (CMD), Neeraj Sharma (Govt. Director), Rabindra Nath Mishra (Dir- Finance) and Dr. Lokiah RaviKumar (Dir - Catering & Services). Shareholding of IRCTC is Promoter (President of India) 62.4%, FIs 7.45%, DIIs 13.72%, Public 15.33, Others 1.1%. See Fig 1(d).



Fig 1(a) – Segments, Fig 1(b) – Segment Revenues, Fig 1(c) Margins, Fig 1(d) Shareholding Pattern



Key Segments and Business Models

1. Internet Ticketing - 30% of Revenues IRCTC is the exclusive platform for online train ticket booking in India. The channels are website, mobile app, authorized agents, call center and social networks. The online ticket booking system, launched in Aug'02, transformed rail travel. In 2020, IRCTC upgraded to the NGET System, with booking capacity of 26,000 tickets/min. and operates 24/7. By Mar'22, it hit a record of 15.88L e-tickets in a single day. Convenience fee charged per ticket is ₹10+GST (Non-AC) and ₹20+GST (AC) tickets. Q3FY25 revenue from conv. fee was ₹ 254 cr. The website and Mobile App account for 87.4% of reserved IR tickets. A Subsidiary - IRCTC Payments Ltd. was set up to handle digital payments in Feb'24. It will provide services to external businesses and customers, and has applied for Payment Aggregator (PA) license.

2. Catering - 46% of Revenues IRCTC is India's largest railway catering service provider, managing both onboard and station-based food operations. It operates 11 Base Kitchens, 169 Refreshment Rooms, 56

Jan Ahaars, and 24 Cell Kitchens across 17 railway zones and 68 divisions. It handles on-board catering in 460+ passenger trains, including Rajdhani, Shatabdi, Duronto, Gatimaan, Vande Bharat, Tejas, and other Mail/Express trains. Meals are served from pantry cars, and IRCTC is modernizing them with advanced equipment. Passengers can also order food from partner restaurants through a mobile app, with delivery directly to their seats, enhancing passenger convenience. The app has seen a 46% rise in usage, generating 1.94 cr. transactions last year.

3. Travel & Tourism - 16% of Revenue IRCTC offers diverse tourism services including domestic tour packages, air tickets, corporate and luxury travel, and international outbound tours, thus extending beyond rail facilities. It provides stay options for short and long duration. Its travel packages range from ₹900 - ₹75,000 per day, for all budgets. The "State Teertha" segment, which offers religious tourism packages, is merged with Tourism. It provides value-added services like executive lounges, budget hotels, and retiring rooms.

- It operates special trains for religious and cultural tourism. It offers luxury trains like Maharaja Express and Golden Chariot, on a revenue-sharing model, shared with state tourism departments, and other stakeholders for haulage charges (fuel, maintenance, crew, etc.), making fares affordable and boost occupancy. IRCTC is now expanding into roadways, waterways, and airways.

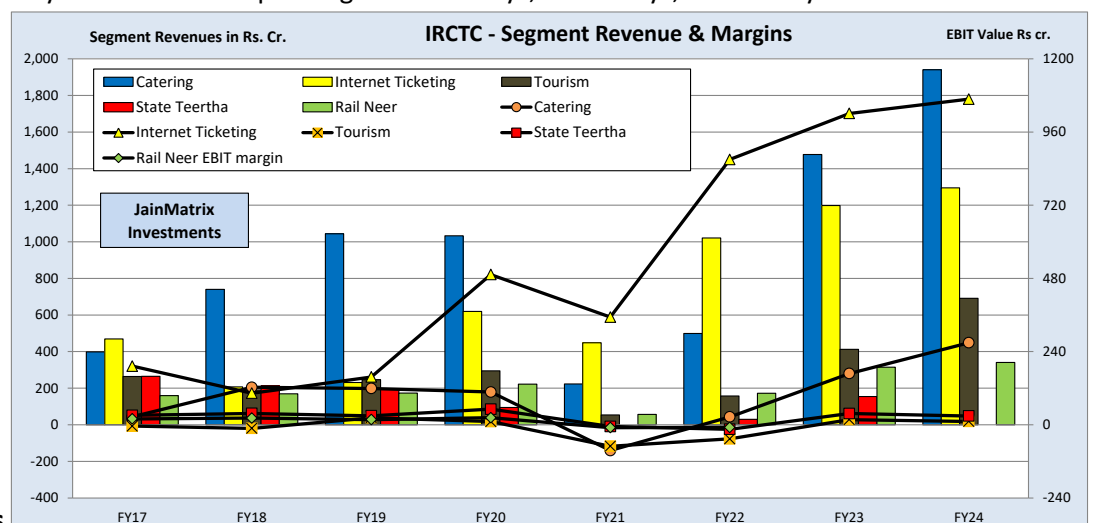


Fig1(e) – Revenue; Margins

4. Packaged Drinking Water - 8% of Revenue Under the brand name "Rail Neer," IRCTC supplies safe, hygienic packaged drinking water in trains and railway stations. The water is processed in 19 Rail Neer plants. To ensure quality, it is processed in fully automatic plants. Some of the Rail Neer plants are on the PPP model, and in 2024 they produced 39.4 cr. bottles.

- Segment Revenues and margins can be seen in Fig 1e. Internet Ticketing leads on margins.

News and Recent Events

- IRCTC had its IPO at ₹ 320/ share in Oct'19, and it has given returns of 18% CAGR over 6 years.
- IRCTC was debt free till 2022. In '22, it raised debt of ₹ 178 cr., which has risen to ₹229 cr. by FY24.
- Mar 25 - IRCTC bagged the 'Navratna' status from GoI, becoming #25 Navratna. The benefits are: 1) Enhanced financial and operational autonomy 2) Expand operations and enter new business areas with ease 3) Decide on new investments of ₹ 480 cr. per project, and in total ₹ 960 cr. per year without needing permission from GoI 4) Can establish overseas JVs, and access new markets.

- The IRCTC website was recently upgraded with Hindi access to help non English speakers to book.
- Rail Neer - 19 plants existed till Mar'24, 1 plant to be added in FY25 and 3 more are in pipeline. 18.4 Lakh bottles are mfg. per day, this will increase by 2L with new plants. A new plant will come up at Saraswati Hi-tech City, Prayagraj. IRCTC aims to meet all the IR drinking water demand through capex. Once achieved, it plans to distribute widely, leveraging demand of households & tourism.
- Online rail tickets sold (FY24) were 12.51 cr. up from 11.48 cr. YoY. IRCTC booking system is planned is to expand to 2.25 L/min by 2029. To enhance customer experience, it introduced "Ask DISHA", an AI Chabot that assists with ticket booking and rebooking within 15 min after failed transactions.
- Q3FY25 catering margin came down due to closure of 9 base kitchen because of the new catering policy wherein now they have now gone for licensing model.

Charges Applicable

Maximum charges which can be levied on the customer are as follows:

IRCTC Service Charge Plus service tax as applicable		Agent Service Charge (Inclusive of services Tax)		Total (IRCTC + Agent)	
Sleeper	AC	Sleeper	AC	Sleeper	AC
20 + Service Tax	40 + Service Tax	10	20	30 + Service Tax on IRCTC's Service charges	60 + Service Tax on IRCTC's Service charges

Fig 1f – Charges:

- IRCTC has different types of agents. Railway Ticketing Agents (RTAs): are authorized agents for physical ticket booking counters, both reserved and unreserved, at their premises. E-Ticketing Agents (ETA) are agents authorized for online ticket booking services on the IRCTC website or through their web portals. Travel Agents (TA) are Independent travel agencies or tour operators can add train ticket bookings as part of their travel packages or itinerary planning. See Fig 1f Charges.
- Ticket booking is a monopoly because all rail infra is owned by IR. IRCTC has the monopoly on the online booking part. Current Online ticket penetration has risen to 87.4%.
- Travel and Tourism segment include Luxury trains and has a overall revenue of ₹95 cr. Maharaja Express Revenue was ₹ 38 cr., up from 24 cr. YoY. IRCTC is planning to roll out Golden Chariot in Q3/Q4 in winter when foreign tourists visit India. State Teertha is now called Bharat Gaurav, and has 8 trains that earned revenue of ₹65 cr. in Q3FY25.
- IRCTC and SBI launched a new Co-branded Credit Card on RuPay Platform of NPCI (Source: NPCI).
- Nov 24 - IRCTC shortened the Advance Reservation Period for train ticket bookings from 120 to 60 days, from Nov'24. This reduced cash flow. The 365-day ARP for foreign tourists is unchanged. (ET)
- IRCTC appointed M/s S. K. Misra & Gujrati, Chartered Accountants, as internal auditor from FY25.
- Mar 25 - IRCTC announced that buyers of physical tickets from counters can cancel it online. (ET)
- Feb 25 - IRCTC launched a new "SwaRail" SuperApp, a one-stop solution for various railway services, which is currently in beta testing and available on both Android and iOS platforms (ET NOW).
- It has diversified offerings by foraying into non-railway segments including air ticket booking, bus ticket booking, e-catering, tour packages, executive lounges and budget hotel booking. Key partners of IRCTC are MakeMyTrip & WhatsApp collaborate for ticket booking etc.
- Mar 25 - IR ran 1,200 Holi Special trains. IRCTC gained through a burst of buying online. (Source ET).

- Jan 25 - In preparation for the Mela in 2025, IR and IRCTC launched the 'Mahakumbh Gram Tent City' in Prayagraj, with pricing ₹6,000 + tax per night. The impact will be known in Q4 results. (ET)
- Govt offloaded 5% stake in IRCTC in Dec 2022 reducing its ownership to 62.4%. Shares fell 16% based on this event. LIC raised stake in IRCTC to 9.3% in Sep'24, becomes the largest holder (Mint).

Industry Outlook

- Railways are more fuel-efficient than road and air transport for moving both passengers and freight, especially over long distances. Trains can be up to 12 times more energy-efficient per passenger-km than air travel and up to 10 times more efficient than road for both freight and passenger travel.
- India has the 4th largest railway system after US, Russia and China. It will account for 40% of the total global share of rail activity by 2050.
- As of 2022, the IR ran 13,523 passenger trains and 9,146 freight trains. It had a total route network of 68,103 km. The total broad-gauge electrification of IR is at 93.83% of the total 65,556 RKM.
- The total passenger revenue stood at US\$ 8.77 billion (₹ 70,000 cr.) in FY24. The passenger traffic was 648 cr. Fig 2a shows the revenue contribution of passenger segment.
- Fig 2b: Revenue trend of IR from FY01-23, with projections up to FY25. (Source: Statista)
- In Fig 2c, we compare passenger and freight earnings of IR from FY 2016 to FY 2024.

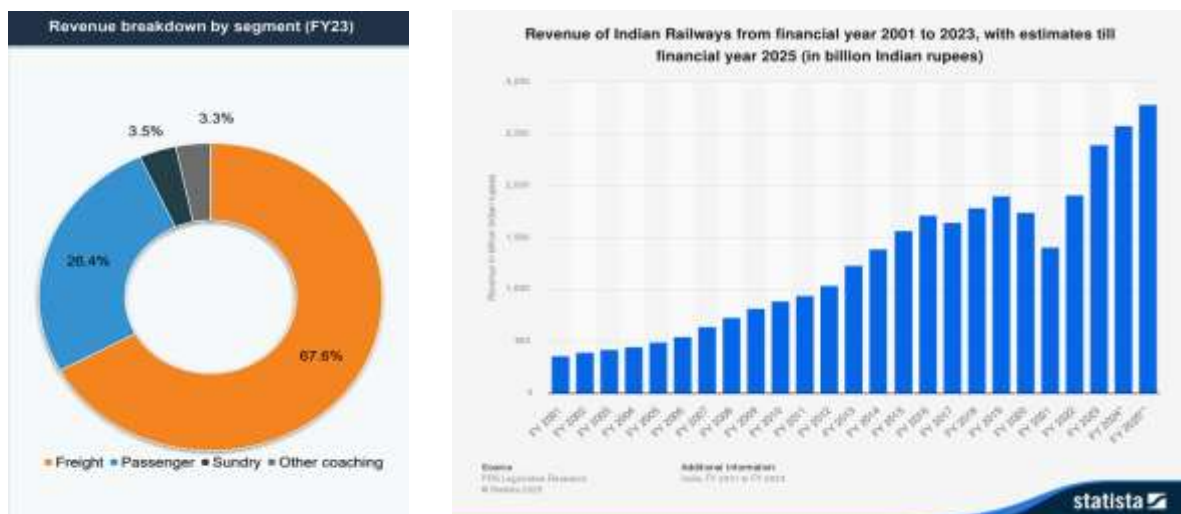


Fig 2a: Sector composition (Source: IBEF), Fig 2b: Revenue trend, Fig 2c: Key Trends (Source: IBEF)



- IR is investing in signaling and telecom with 15,000 kms being converted into automatic signaling.

- And 37,000 kms tracks will be fitted with 'KAVACH', the Train Collision Avoidance System. In FY25, the goal is to upgrade 40,000 conventional rail bogies to meet the 'Vande Bharat' standards.
- Peers of IRCTC are 1) PSUs - RVNL, IRCON, Concor, IRFC, IR, RailTel, RITES, BEML, and Private Sector - Titagarh Wagons, Jupiter Wagons, etc. 2) Online ticketing – MMT, Yatra, Ease My Trip, Le Travenues, TBOTek, Cleartrip, Easy Trip, etc. 3) Travel package cos – SOTC, Thomas Cook, Balmer Lawrie, etc.

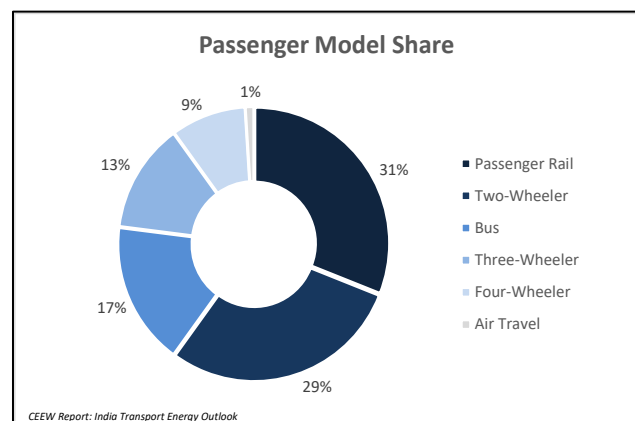
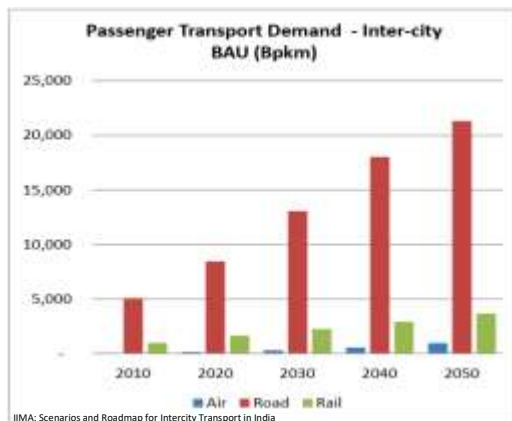


Fig 2d: Inter-city passenger demand; Fig 2e: Passenger Model Share

- In Fig 2d we can see the passenger Transport Demand in Inter-city travel projected till 2050. The scenario assumes implementation of HSR corridors and launch of high speed trains (160-200 kmph).
- The Fig 2e: Passenger Model Share illustrates the passenger transport mode share, with Passenger Rail (31%) and Two-Wheelers (29%) being higher, while Air Travel has the least share at just 1%.
- **Investments and developments in railways** - GoI has now allowed 100% FDI in the railway sector.
- IR introduced Dedicated Freight Corridor (DFC), high-capacity rail network designed to enhance freight transportation. Two corridors, the Eastern DFC (1,337 km, Punjab to W.B.) and Western DFC (1,506 km, Dadri to Mumbai), are near completion. Future corridors include the East-West (2,330 km), North-South (2,327 km), East Coast (1,115 km), and South (892 km) DFCs, expanding the total network to over 10,000 km to boost cargo movement and reduce logistics costs.
- The DFCs will also absorb goods from the common rail network, allowing more passenger services.
- The GoI has put a focus on development of Railways. IR will continue to be owned and run by the Ministry, but a number of newer PSUs are working closely with IR to accelerate development. Also, outsourcing is rising to private sector firms, to accelerate mfg., new projects, implementation, new services, etc. IR too has been encouraged to outsource many operations to these companies.
- PM Gati Shakti – A National Master Plan by GoI was launched in 2021 to improve transportation infra. Under Gati Shakti, the IR and DFCs are being aligned with roadways, ports, and airports to enable seamless multimodal connectivity, thereby reducing logistics costs and improving efficiency.
- GoI has promoted the Public-Private Partnership (PPP) model for train operations to attract private investment into the railway sector. This will ease the burden on the public sector by introducing competition and encouraging capital infusion from private players.

Stock Evaluation, Performance and Returns

- Price history - IRCTC stock saw a 5 year low of ₹ 270 before beginning a strong upward trend. It had a high of ₹ 1,110 on Oct'21. Today, the CMP is ₹715, reflecting a decline. See Fig 3a. The stock in the last 3-years gave a return of -8.86% as compared to Nifty 100 which gave 32.63%.

- The Cash Flow in Fig 3b shows good CF from Operations and Free Cash Flow was positive in 4 of the last 5 years, a positive. IRCTC is also making Capex investments.
- Revenues fell in FY21 due to COVID-19. Since then, revenues have steadily increased as IRCTC and IR resumed trains and expanded other services. EBITDA and PAT margin too recovered. See Fig 3b.
- Indian rail network continues to grow, around 813 new trains were introduced in the last 5 years, an increase in leisure travel post Covid-19 is generating higher revenues. There is also an expansion of new services like E-Catering services through partnership with Swiggy and Zomato.

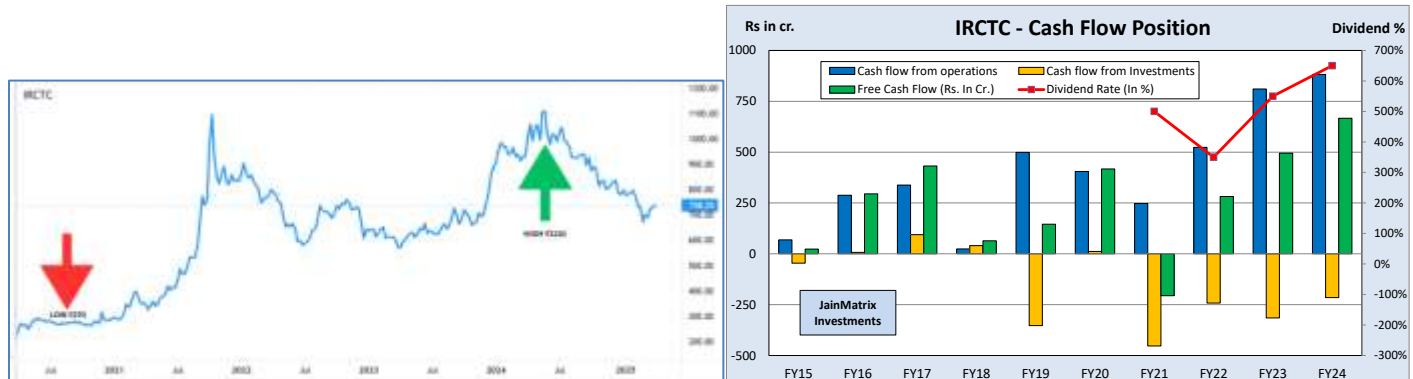
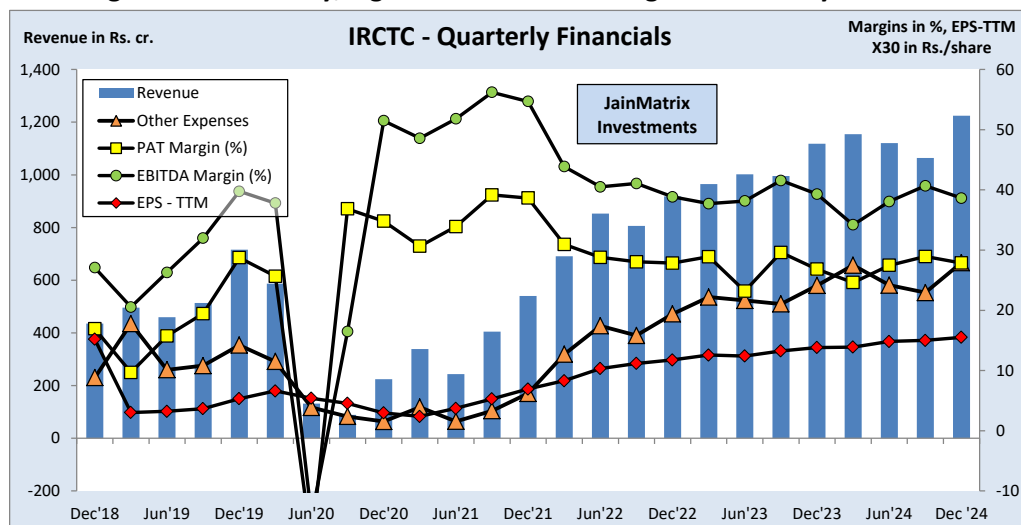
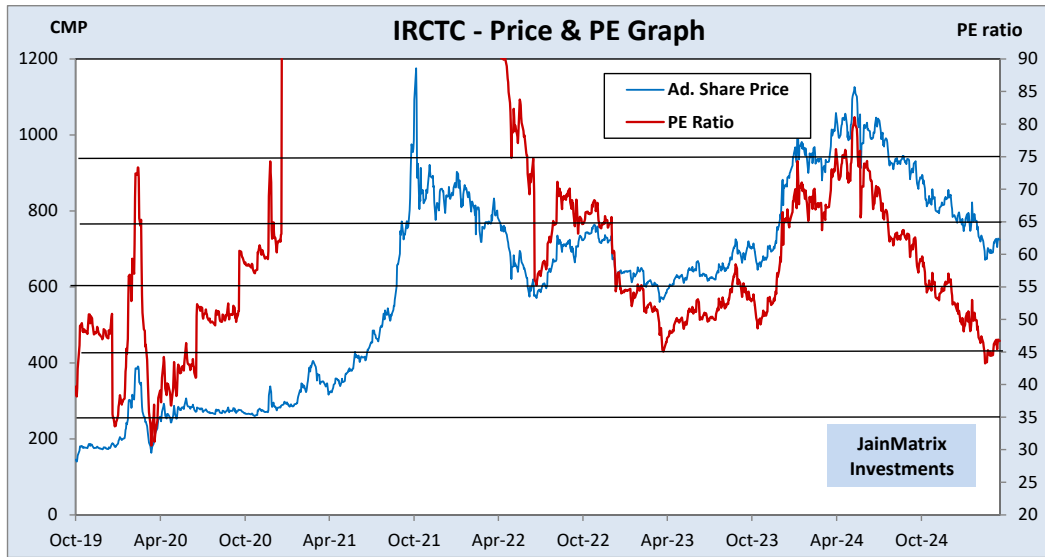


Fig 3a - Price History, Fig 3b - Cash Flow and Fig 3c - Quarterly Financials



- The Price and PE chart, Fig 3d, maps data since listing. Barring the unusual Covid period, we can see that PE has a range of 35-75 and avg. 55; current PE is 46.7, so PE looks undervalued.
- In Price and EPS chart Fig 3f, the EPS-TTM is rising from Q3 of 2023, and now is 15.51 Rs/year. This is a impressive story of steady improvement in normal times.
- The Beta of IRCTC is 1.35 so the company share price is more volatility than the overall market.
- IRCTC's gave a dividend of ₹ 6.5/share in FY24, a good rise. See Fig 3f. IRCTC has given higher dividend over the last few years, a positive.
- IRCTC financial metrics are shared in Fig 3g. IRCTC used to be debt free till 2022, when it raised debt of ₹ 178 cr. Currently debt is at ₹ 229 cr. but Debt/equity is very low at 0.01.
- The net profit margin and EBITDA margin are moving up in tandem. FY21 saw a major dip in ROCE and ROE, it has now improved from those levels, however they are still about the FY20 levels.



3d Price & PE chart, 3e Price & EPS

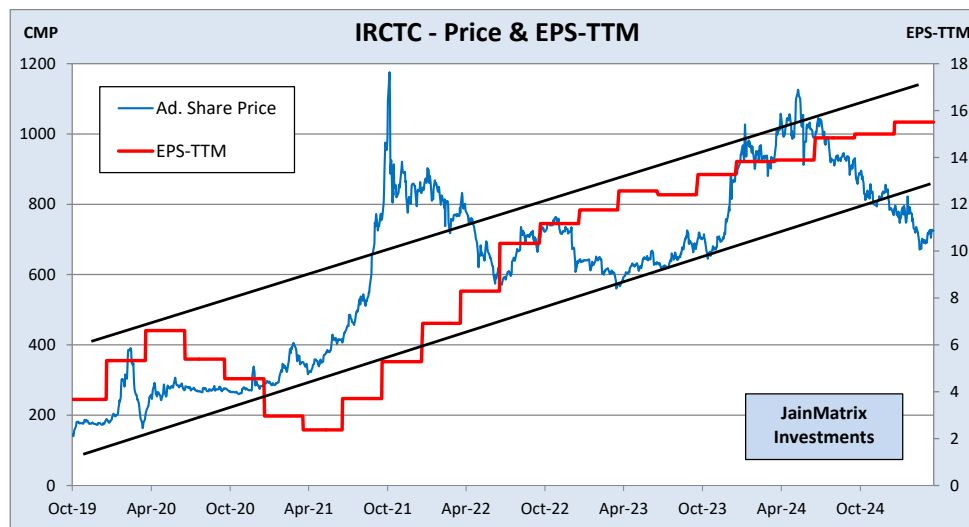
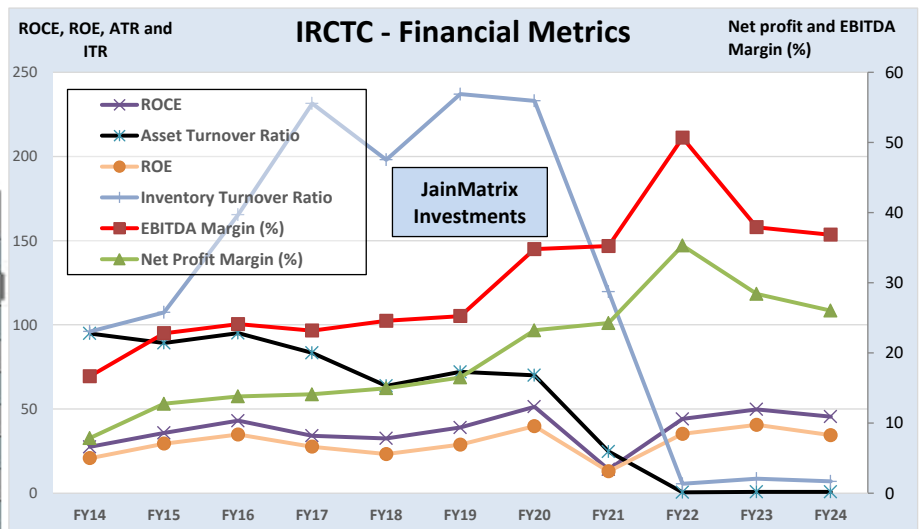


Fig 3f - Dividend Details, 3g - Financial Metrics

Announcement Date	Ex-Date	Dividend Type	Dividend (Rs)
29-01-25	20-02-25	Interim	3
17-10-24	14-11-24	Interim	4
28-05-24	23-08-24	Final	4
26-10-23	17-11-23	Interim	2.5
29-05-23	18-08-23	Final	2
09-02-23	22-02-23	Interim	3.5
30-05-22	18-08-22	Final	1.5
08-02-22	17-02-22	Interim	2
29-06-21	21-09-21	Final	5



- Return on Equity is seen to be increasing, which is a positive sign. This is a result of increasing net profits and the equity remaining the same.
- The asset turnover ratio has reduced from 25 in FY21 to 0.76 in FY24. IRCTC had a 20% increase in assets similarly we see a 21% increase in revenues from FY23-24; indicating proper utilization of assets. This is a result of increased investment in procuring fixed assets to cater to increased demand, which has increased revenue. The company has increased its production capacity; hence the inventories are increasing, therefore, a dropping Inventory turnover ratio is seen.

M-Score and DuPont Analysis:

M-Score Analysis: The M-Score is a statistical model used to detect potential earnings manipulation / financial distress by analysing eight key financial ratios and indicators to reflect the true financial health.

Analysis of 8 Key Ratios and Indicators:

- **Days Sales Receivable Index:** DSRI fell from 1.99 to 1.0, showing improvement, this is positive.

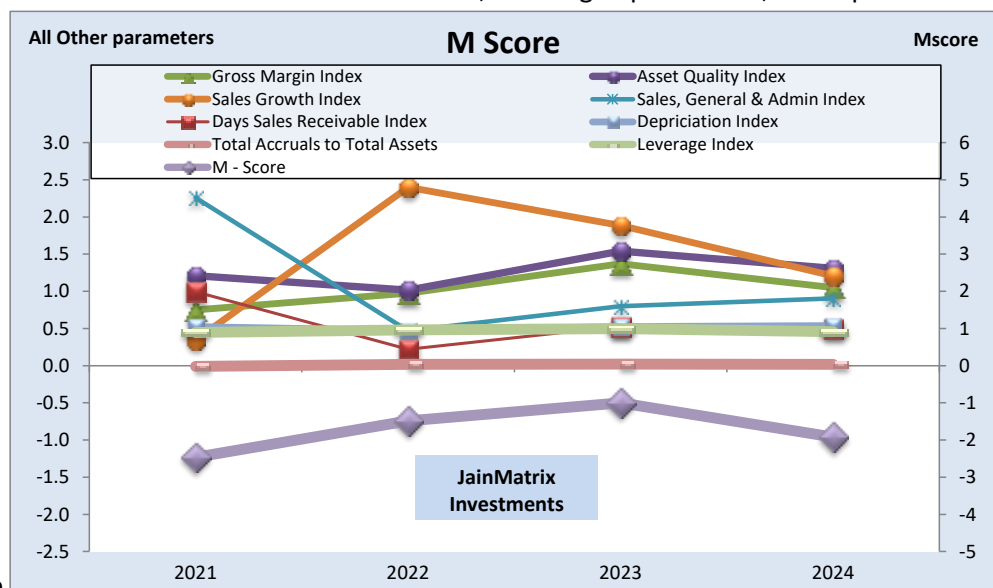


Fig 4a – M-Score

- **Gross Margin Index (GMI):** GMI was around 1 for most years A GMI > 1 can be a red flag.
- **Asset Quality Index (AQI):** AQI values have been above 1, peaking at 1.54 in FY23 before reducing to 1.31 in FY24. This is slightly negative indication. **Sales Growth Index (SGI):** SGI increased sharply to 2.51 in FY22, suggesting a post-COVID rebound in sales. It moderated subsequently, a positive.
- **Depreciation Index (DI):** DI remained close to 1 indicating stable policies, a positive signal.
- **Sales, General & Admin Index (SGAI):** SGAI dropped significantly from a high of 2.26 in FY21 to 0.90 in FY24, reflecting better cost efficiency and lower SG&A expenses to sales, a favourable trend. **Total Accruals to Total Assets (TATA):** TATA has stayed near 0 (from -0.02 to 0.04), indicating earnings are largely cash-based, which is a strong sign of quality earnings. **Leverage Index (LI):** The leverage index has been below 1 across all years, implying low financial risk.
- IRCTC's M-Score has remained below threshold of -1.78, except in FY22 and FY23. The spike in FY22 may be attributed to post-COVID recovery. The Sales Growth Index rose sharply in FY22 and FY23, and stabilized after, explaining the M-Score anomaly. The application of this model is satisfactory.

DuPont Analysis: DuPont analysis deconstructs Return on Equity (ROE) into its parts, such as profitability, efficiency, and leverage, to assess the drivers of performance.

- ROE is a measure of the return generated for shareholders. Looking at the ROE values, we observe fluctuations, rising from 12.95% in 2021 to 40.59% in 2023, before slightly easing to 34.40% in 2024; the spike is primarily driven by improved margins and tax burden.
- All the factors affecting ROE have remained stable except the Operating Profit Margin, which spiked in 2020 (33%) and then dropped before gradually recovering.

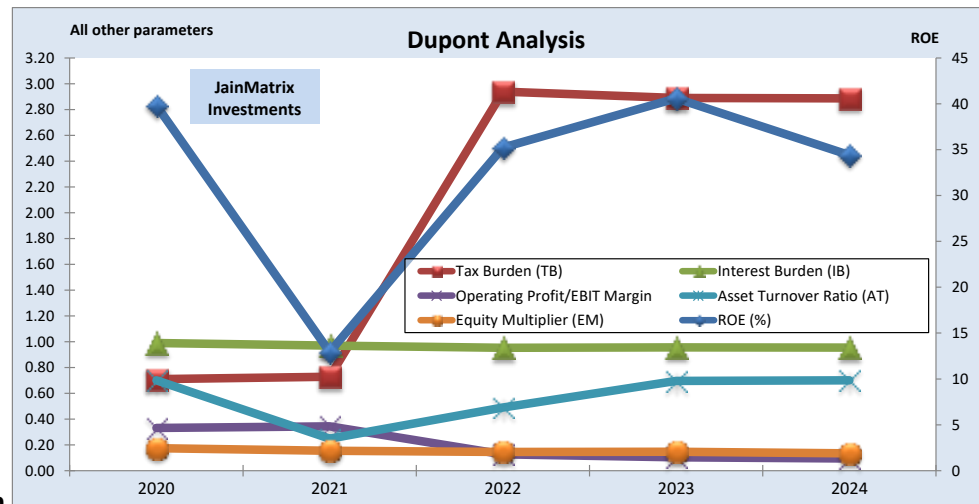


Fig 4b – DuPont Graph

- Tax Burden rose significantly from 0.73 in 2021 to 2.94 in 2022 and remained steady through 2024, reflecting changes in effective tax or deferred tax treatment.
- Asset Turnover Ratio increased from 0.49 in 2022 to 0.77 in 2024, indicating better efficiency in utilizing assets to generate revenue.

Overall, the most significant factor influencing ROE fluctuations has been the operating margin and tax burden, highlighting their importance in driving shareholder returns.

Benchmarking

We benchmark IRCTC against peers, see Fig 4c:

Particulars	IRCTC	IRCON	RVNL	ITES	CONCOR	Thomas Cook Ind	Interglobe	Balmer Lawrie	Easy Trip	Le Travenues	TBO TEK
Revenues (Rs. cr.) (FY22)	4,270	11,134	20,224	2,245	8,924	7,834	76,476	2,484	445	795	1,660
Profits (Rs. in cr.) (FY22)	1,111	763	1,248.62	378	1,332	244	6,074	259	158	47	214
Market Cap (Rs. in cr.)	54,668	13,327	67,231	9,996	39,601	5,843	1,92,605	2,979	4,050	5,452	11,078
PE TTM (x)	44.27	17.51	53.84	26.43	29.73	23.90	31.67	11.49	25.54	115.74	51.74
Price to Book Value (x)	15.49	2.18	8.48	3.91	3.27	2.72	51.53	1.64	5.77	9.16	10.31
Mkt Cap to sales	11.99	1.20	3.32	4.45	4.44	0.75	2.52	1.20	9.10	6.86	6.67
EV/EBITDA	30.28	9.61	30.09	10.85	15.32	8.21	12.42	7.70	20.39	68.15	30.20
3 Yr CAGR Sales (%)	76.50	32.09	12.16	8.79	10.42	109.40	67.58	15.13	51.50	69.13	114.16
3 Yr CAGR Profit (%)	96.62	32.84	15.86	1.98	31.79	44.79	46.51	30.82	37.92	74.72	178.40
Debt to equity ratio (x)	0.01	0.55	0.68	0.00	0.08	0.23	15.86	0.07	0.00	0.02	0.20
EBITDA Margin (%)	33.49	8.09	5.77	22.05	22.26	5.97	20.80	12.46	38.32	7.90	16.55
Net Profit Margin (%)	27.04	7.36	6.73	20.18	14.57	3.72	10.41	11.05	33.94	5.82	14.63
Return on Equity (%)	40.45	16.37	20.39	17.47	10.93	13.76	NA	14.69	31.90	9.32	46.05
RoCE (%)	53.77	18.15	18.70	25.36	13.93	19.07	24.53	15.62	43.36	6.53	42.93
Dividend Yield (%)	1.02	2.18	0.65	5.55	1.79	0.32	0.00	4.88	0.45	0.00	0.00

Fig 4c – Benchmarking

- The PE of IRCTC is high, however, some peers like Le Travenues and Easy Trip have even higher PE. This indicates relative overvaluation. PB too is the #2 highest. On Mkt cap/Sales IRCTC is the most expensive. On EV/EBITDA it is #2. This suggests IRCTC may be overvalued relative to peers.

- On 3-year CAGR in Sales and Profits, IRCTC is #3, which reflects solid growth and recovery post Covid. Here tech peers like TBO Tek and Le Travenues show even higher growth.
- On Debt-to-Equity IRCTC is positive as it is almost debt-free.
- On EBITDA Margin and Net Profit Margin IRCTC does well at #2, while Easy Trip leads.
- On RoCE it is #1 and on ROE it is #2 so among the highest of peers. This highlights IRCTC's superior efficiency in generating returns for investors.

SWOT Analysis

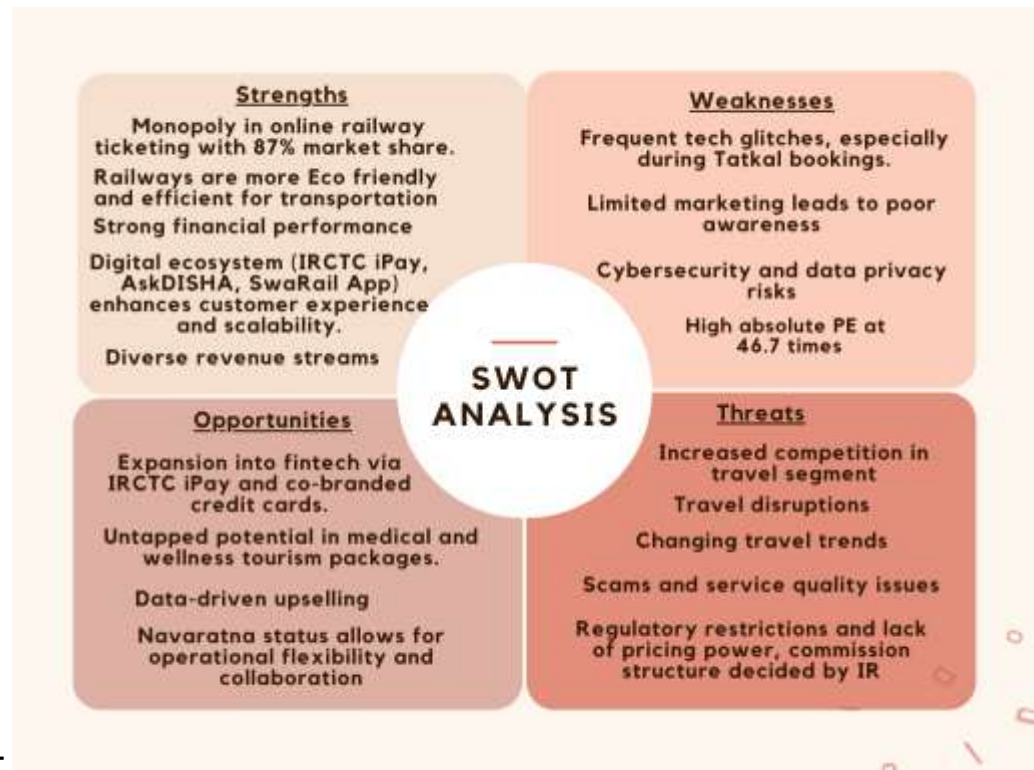


Fig 4d – SWOT

Financial Projections

	Mar '22	Mar '23	Mar '24	Mar '25E	Mar '26E	Mar '27E
Total Income - crores	1,879	3,541	4,270	4,651	5,763	7,143
EBITDA - crores	952	1,397	1,631	1,721	2,017	2,429
Net Profit - crores	664	1006	1111	1163	1383	1714
Earnings Per Share - Rs	8.3	12.6	13.9	14.5	17.3	21.4
PE (at current Price)			51.5	49.2	41.4	33.4

Fig 5 Financial Projections

The financial projections for IRCTC are shared in Fig 5. The basis for projections is:

- Data upto Q3FY25 is actual. We take Q4FY25 as a flat to small growth over Q3FY25.
- Annual Revenue growth is in the 9-24% range for FY25-27.
- Operating Margins are 35-37% and Profit Margins are 23-25%.

Overall Opinion and Recommendation

- IR is the backbone of the Indian economy, and its growth is essential to support India's expanding infra and economic ambitions. It is undergoing improvements, rapid modernization and expansion.
- IRCTC is helping in the transformation with digital enablement, improved catering, water and extended products for tourism and packages, to better utilize available IR assets.

- IRCTC plays a pivotal role in this transformation through its range of Passenger services supported by good IT infra, providing customer experiences, and with innovative services. The company has shown consistent growth post Covid, backed by capacity expansion, service diversification, and on-going operational improvements. It has done this with strong financial discipline, maintaining low debt and conservative capital allocation.
- It enjoys monopoly status in internet ticketing, and large shares in catering and railway tourism. It continues to outperform and stay competitive against private players, growing steadily even in a dynamic and increasingly competitive market.
- The company stands to benefit from increased train traffic, upgrades like Vande Bharat expansion, digital initiatives, and its Navratna status allowing greater operational flexibility. IRCTC's market position and growth drivers remain strong.
- Key Risk Factors 1) PSUs are slower to respond to market opportunities 2) Frequent transaction failures and website crashes, especially in Tatkal hours 3) It has vast user data and centralized systems, so is exposed to cyber-attacks, which can be damaging 4) Regulator is GoI and regulatory changes is an issue like loss of monopoly 5) Private online travel firms are raising competition 6) Absolute valuations of PE and EV/EBITDA ratios are high, even after a large recent fall.
- **IRCTC is rated a BUY with a Target Price of ₹ 1,179 by May 2027, an upside of 65%.**

Disclaimers and Disclosures

- Assumptions of TP – it is based on 1) financial projections in Fig 5. 2) A target PE TTM of 55 times, above the current PE
- Punit Jain discloses that he has no shareholding in IRCTC as on date of report. In addition, he has no financial interest or transactions with IRCTC, except occasional train travel bookings. In addition, JainMatrix Investments Bangalore (JMI) and its promoters/ employees have no direct or financial interest in IRCTC, and no known material conflict of interest as on date of publication of this report.
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