Initiating Coverage

Choice
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Indian Railway Catering & Tourism Corporation (IRCTC)

Monetising India's Captive Rail Ecosystem Beyond Ticketing

Plays in Travel 3.0

Transaction Aggregation	Ecosystem Expansion	Payments & Fintech	Platform Leverage

September 22, 2026

institutional.equities@choiceindia.com

Initiating Coverage | Sector: Technology

Indian Railway Catering & Tourism Corporation

September 22, 2026 | CMP: INR 471 | Target Price: INR 560

Expected Share Price Return: 19.1% I Dividend Yield: 1.8% I Expected Total Return: 20.9%

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BUY

Indian Railway Catering and Tourism Corporation (IRCTC) is a Central Public Sector Enterprise under the Ministry of Railways, Government of India. It holds the exclusive monopoly to provide online ticketing, onboard and station catering services, along with packaged drinking water across the Indian Railways network.

Company Information

BB Code	**IRCTC: IN EQUITY**
ISIN	INE335Y01020
Face Value (INR)	2.0
52 Week High (INR)	739
52 Week Low (INR)	446
Mkt Cap (INR Bn)	376.5
Mkt Cap (USD Bn)	3.9
Shares Out. (Mn)	800.0
Free Float (%)	37.5%
FY28E EPS (INR)	21.2

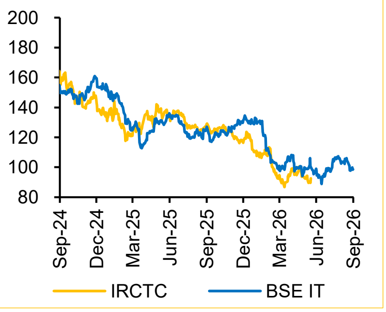
Shareholding Pattern (%)

	Jun-26	**Mar-26**	**Dec-25**
Promoters	62.40	62.40	62.40
FIIs	3.91	4.86	7.19
DIIs	14.86	14.86	14.02
Public	18.85	17.88	16.39

Relative Performance (%)

YTD	**3Y**	**2Y**	**1Y**
BSE IT	(15.7)	(34.4)	(22.4)
IRCTC	(33.6)	(49.5)	(37.8)

Rebased Price Performance (%)



Key Investor Questions Answered

Detailed Valuation Analysis

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Deepening the Digital Moat - From Ticketing Utility to Integrated Mobility Platform

IRCTC continues to strengthen its digital moat by leveraging its exclusive position in online railway ticketing and evolving into a broader mobility platform. E-ticketing penetration reached **~89%** of reserved bookings in **FY26**, indicating a strong digital adoption. The company benefits from a large user base, providing multiple opportunities for monetisation through convenience fees, payments, advertising and cross-selling of travel services. **The ongoing premiumisation of passenger travel, driven by a rising AC mix (~51%) and increasing adoption of Vande Bharat trains, further enhances revenue potential through higher convenience fee realisation.** In addition, IRCTC's proposed unified travel platform is expected to integrate rail, air, hotel, bus and tourism services into a single ecosystem, improving customer engagement and retention.

Scalable Hospitality & Thematic Tourism - Asset-light Growth with Structural Demand Tailwinds

IRCTC's own catering operations follows a **licensing-based model** while its **E-catering model** enables passengers to connect with authorised restaurants across railway stations, allowing IRCTC to benefit from an **asset-light and scalable business model** which improves margin expansion as order volumes grow. **Bharat Gaurav (~40%)** is the major contributor to the Tourism segment revenue. Importantly, this business **benefits from strong policy support from the government, given the broader push towards cultural tourism, rail connectivity and domestic travel promotion.** IRCTC is also steadily expanding the production capacity of Rail Neer with the objective of meeting a larger share of the packaged drinking water demand. IRCTC's current daily actual production supply stands at around **1.55 Mn** bottles/day, which the company plans to increase to **~2 Mn** bottles/day in the long term.

Scalable Asset-light Platform Supporting Gradual Margin Expansion

IRCTC is increasingly evolving into a **scalable, asset-light digital platform** with multiple growth and margin expansion levers beyond its core ticketing business. The company's recent Navratna status enhances execution agility and capital allocation flexibility, where IRCTC can undertake investments of up **to INR 10 Bn or 15% of its net worth.** The proposed Payment aggregator license could unlock a meaningful fintech opportunity as it would open up a potential transaction opportunity of **INR 700 Bn and enable broader payment processing services across government and PSU ecosystems.** Thus, we believe IRCTC's new initiatives, including the travel platform, expansion of the payment's ecosystem and improving unit economics in the Catering & Tourism segment, are expected to drive margin expansion over the medium-term.

Investment View: IRCTC has a monopoly in online reserved railway bookings, with **~89%** of reserved tickets booked through its platform. With near-term saturation in Internet Ticketing, the company is increasingly focusing on scaling other high-growth businesses. Rising AC mix **(~51%)** and adoption of Vande Bharat trains should support higher convenience fee realisation. We expect EBITDA margin to decline to **29.0%** in **FY27E** due to an evolving business mix, before recovering as new initiatives scale and Catering unit economics improve. We forecast **Revenue/EBITDA/PAT CAGR of 13.2%/11.3%/10.8% over FY26–FY29E. We believe IRCTC warrants a premium multiple given its high-margin, monopoly-driven business model, strong cash generation, and structural growth visibility from its diversified railway ecosystem**. We value IRCTC at **25x average of FY28E & FY29E EPS,** arriving at a Target Price of **INR 560**, implying 20.9% upside from the current level. Thus, we initiate coverage on **IRCTC** with a **'BUY'** recommendation and Target Price of **INR 560**.

Optionality: The launch of unified travel portal, final approval of the payment aggregator license.

Key risks: Government regulations, deepening UPI penetration, execution risk in new initiatives, and Rail Neer capacity constraints & operational risks.

Key Financials - IND AS

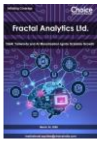
INR Mn	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenue	46,773	52,149	59,800	68,150	75,565
YoY (%)	9.5	11.5	14.7	14.0	10.9
EBITDA	15,495	16,661	17,316	20,523	22,983
EBITDAM %	33.1	31.9	29.0	30.1	30.4
PAT	13,146	13,940	14,409	16,911	18,936
EPS	16.4	17.4	18.0	21.2	23.7
ROE %	35.9	32.4	27.3	27.4	26.9
ROCE %	28.0	26.1	22.3	22.8	22.4
PE(x)	54.0	27.0	26.1	22.3	19.9

Source: IRCTC, Choice Institutional Equities

Report Structure

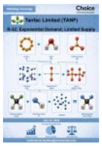
Our recent 'Initiating Coverage' reports


Must Read Series_"App Store Moment" for Core Banking System_Thematic


Fractal Analytics_DAAI Tailwinds and AI Monetisation Ignite Scalable Growth_Initiating Coverage


Meesho Ltd_Initiating Coverage


Unimech Aerospace & Manufacturing_Initiating Coverage


Tanfac Industries_R-32 Exponential Demand, Limited Supply_Initiating Coverage


ESDS_A differentiated full-stack listed play on cloud and AI infrastructure opportunity_Initiating Coverage


Convex_Choices_Quarterly_Q1FY26

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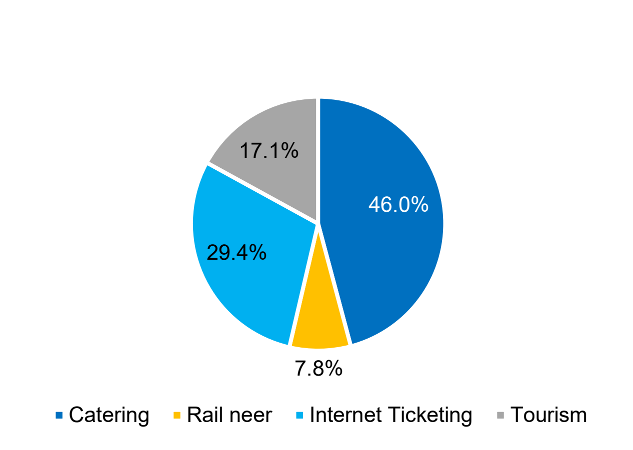
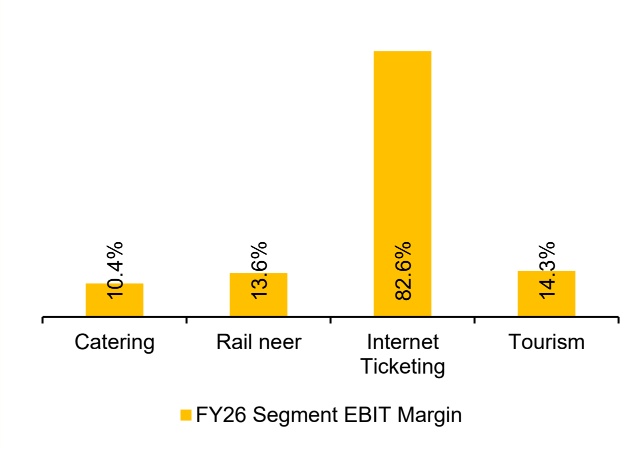
Investment Thesis in Charts

IRCTC's Internet Ticketing Segment Accounts for about 29.4% of Revenues in FY26 but contributes to about 82.6% Profitability

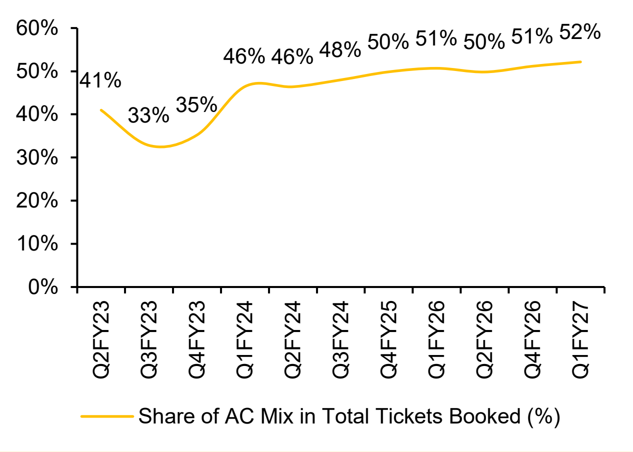


Source: IRCTC, Choice Institutional Equities



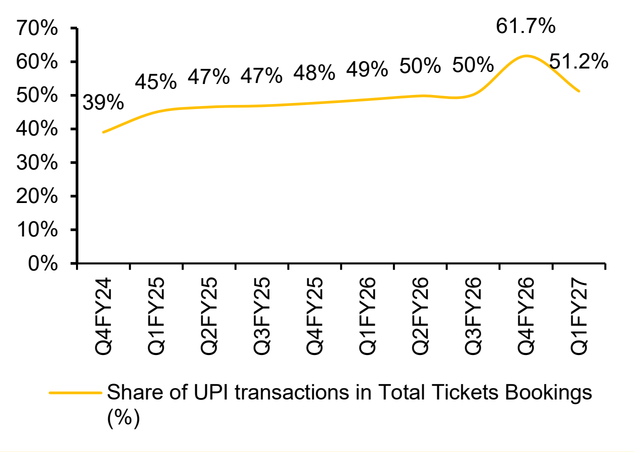
Source: IRCTC, Choice Institutional Equities

A rising AC mix continues to support high per-ticket Realisation



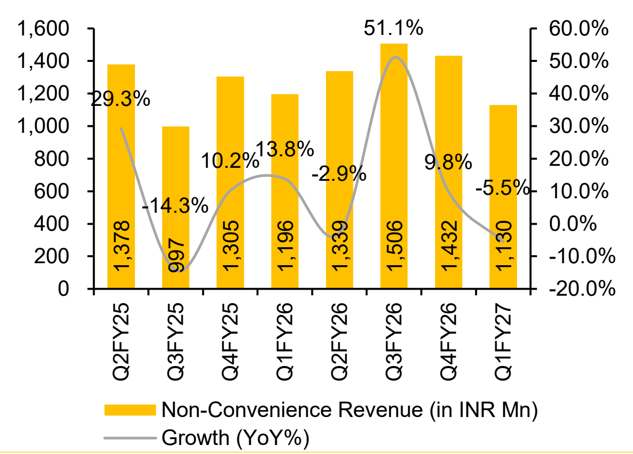
Source: IRCTC, Choice Institutional Equities

while Increasing UPI penetration offsets this benefit through lower Convenience fee charged on UPI transactions



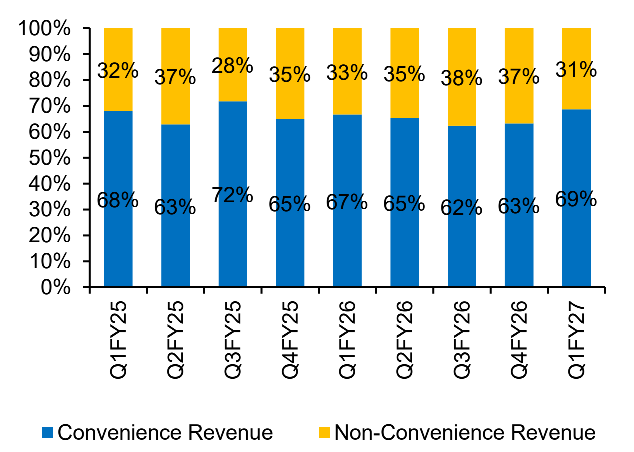
Source: IRCTC, Choice Institutional Equities

Strong Growth in Non-Convenience Revenue over the past few quarters



Source: IRCTC, Choice Institutional Equities

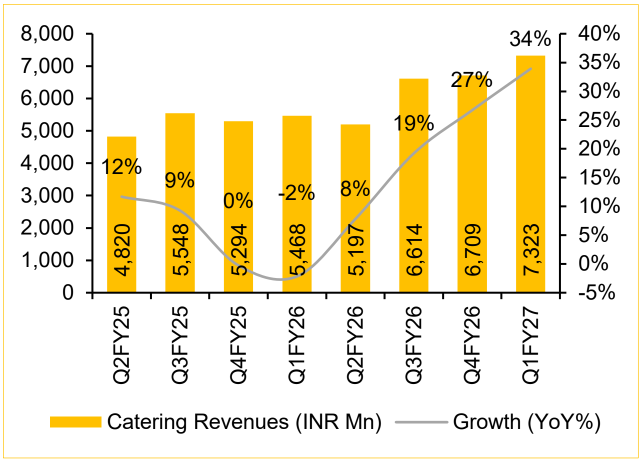
Non-Convenience Revenue Gains Share in Overall Mix



Source: IRCTC, Choice Institutional Equities

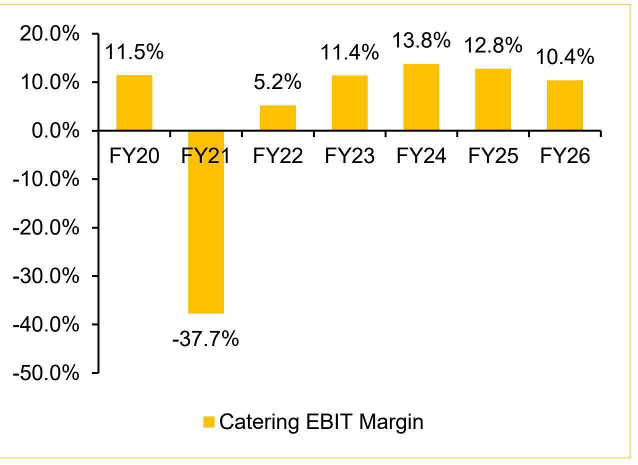
Investment Thesis in Charts

Strong Growth in Catering Revenues over the past few quarters



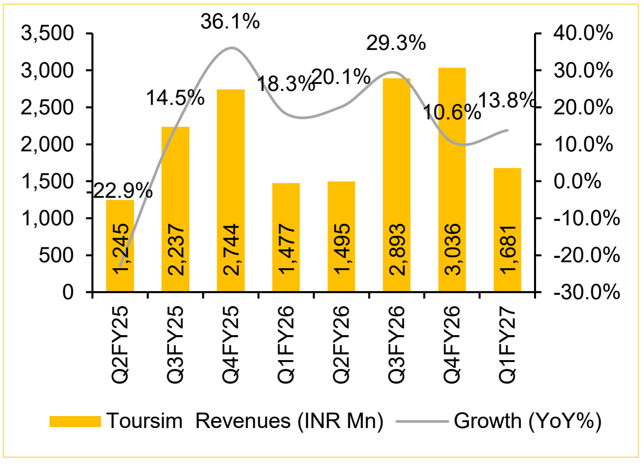
Source: IRCTC, Choice Institutional Equities

Gradual Improvement in Catering EBIT Margin



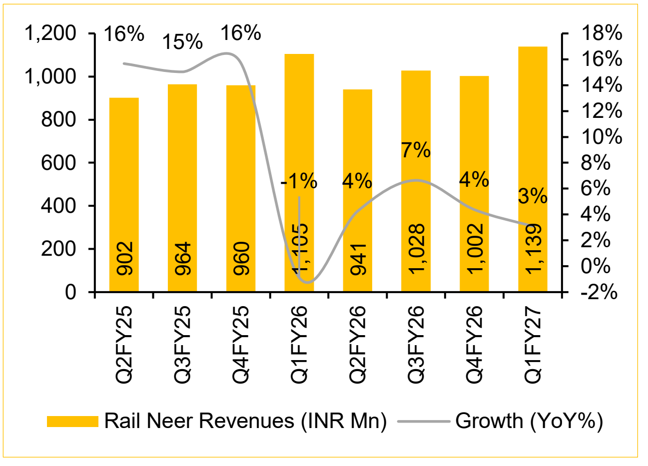
Source: IRCTC, Choice Institutional Equities

Tourism Revenues Delivering Consistent Growth



Source: IRCTC, Choice Institutional Equities

Rail Neer Revenue Growth Moderates Amid Capacity Constraints



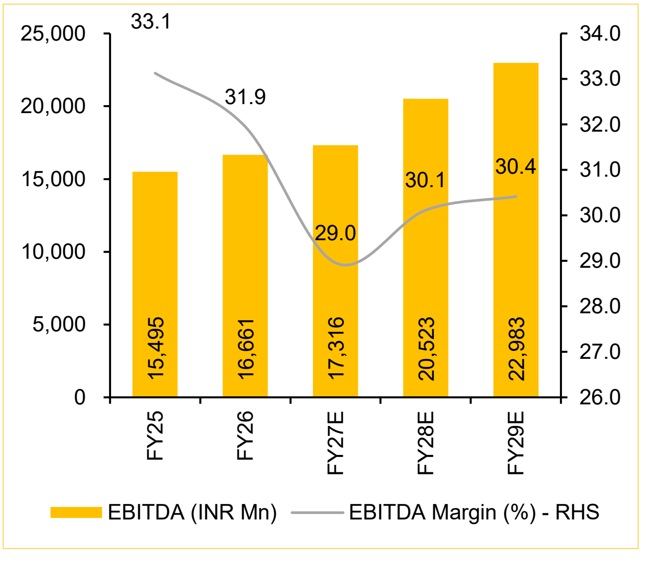
Source: IRCTC, Choice Institutional Equities

Major Rail Neer Plants & Daily Production Capacity

Sr.No	Location	Daily Production Capacity
1	Ambernath (Maharashtra)	2,00,000 bottles/day
2	Palur (Tamil Nadu)	1,80,000 bottles/day
3	Nangloi (Delhi)	1,50,000 bottles/day
4	Danapur (Bihar)	1,02,000 bottles/day
5	Hapur (UP)	1,00,000 bottles/day
6	Sankrail (West Bengal)	1,00,000 bottles/day
7	Amethi (UP)	72,000 bottles/day
8	Bilaspur (Chhattisgarh)	72,000 bottles/day
9	Parassalla	72,000 bottles/day
10	Nagpur (Maharashtra)	72,000 bottles/day
11	Guwahati (Assam)	72,000 bottles/day
12	Jabalpur (Madhya Pradesh)	72,000 bottles/day
13	Mandideep (Bhopal)	72,000 bottles/day
14	Una (Himachal Pradesh)	72,000 bottles/day
15	Bhusawal (Maharashtra)	72,000 bottles/day
16	Sanand (Gujarat)	72,000 bottles/day
17	Kota (Rajasthan)	72,000 bottles/day
18	Bhubaneswar (Odisha)	72,000 bottles/day
19	NTPC Simhadri, Vizag (AP)	72,000 bottles/day
20	Mallavali	72,000 bottles/day
	Total Capacity	**18,40,000 bottles/day**

Source: IRCTC, Choice Institutional Equities

Operating Leverage Expected to Drive Gradual Margin Expansion



Source: IRCTC, Choice Institutional Equities

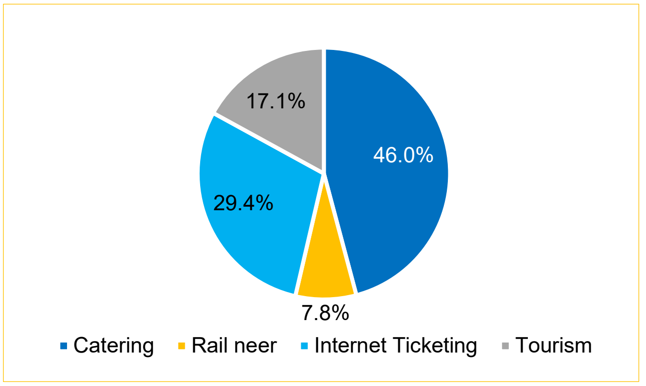
1.1 Deepening the Digital Moat: From Ticketing Utility to Integrated Mobility Platform

IRCTC continues to strengthen its digital moat by leveraging its exclusive position in online railway ticketing and evolving into a broader mobility platform. E-ticketing penetration in FY26 reached **~89%** of total reserved bookings, indicating a strong digital adoption. The company benefits from a large user base, providing multiple opportunities for monetisation through convenience fees, payments, advertising and cross-selling of travel services. **The ongoing premiumisation of passenger travel, driven by a rising AC mix (~51%) and increasing adoption of Vande Bharat trains, further enhances revenue potential through higher convenience fee realisation.** In addition, IRCTC's proposed unified travel platform is expected to integrate rail, air, hotel, bus and tourism services into a single ecosystem, improving customer engagement and retention.

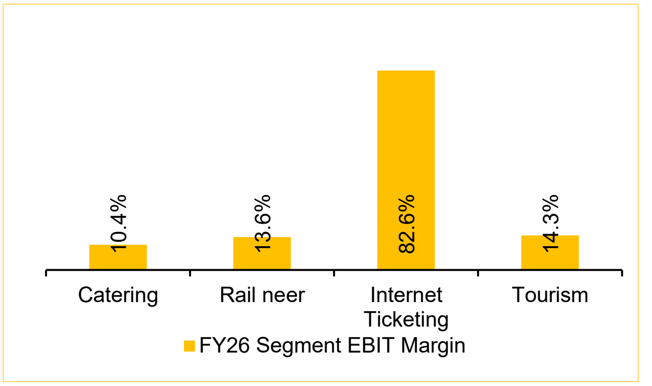
1.1.1 Structural Monopoly Drives a Durable Digital Moat

- IRCTC is the sole entity authorised by Indian Railways for E-ticketing, catering and packaged drinking water (Rail Neer) services on trains.
- The Internet Ticketing segment is IRCTC's most strategic and high-margin business, as it has **complete monopoly in online railway bookings in India**. As the exclusive authorised platform for E-ticketing for Indian Railways, IRCTC processes the entire volume of online reserved ticket bookings through its website and mobile application.

IRCTC's Internet Ticketing Segment Accounts for about 29.4% of Revenues in FY26 but Contributes to about 82.5% Profitability



Source: IRCTC, Choice Institutional Equities

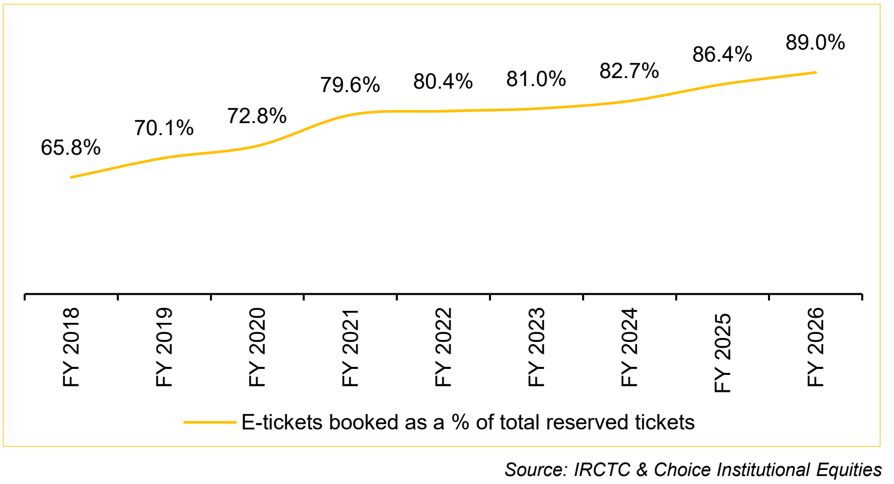


Source: IRCTC & Choice Institutional Equities

- The segment generates revenue primarily through **convenience fees, service charges and value-added services, such as travel insurance.**
- The platform benefits from high user stickiness owing to its integrated ecosystem, which includes payment gateways and 'Tatkal' bookings.
- **Even when bookings originate from OTAs, all transactions are ultimately routed through IRCTC's backend as it remains the exclusive E-ticketing arm of Indian Railways.** IRCTC earns the same convenience fees when bookings are made on an OTA application, such as IXIGO or MakeMyTrip. **This creates a platform-level monopoly, ensuring IRCTC captures value irrespective of the front-end interface.**

E-ticketing penetration reached ~89% of total reserved bookings in FY26, indicating near-saturation of digital adoption

E-ticketing penetration reached ~89% of total reserved bookings in FY26

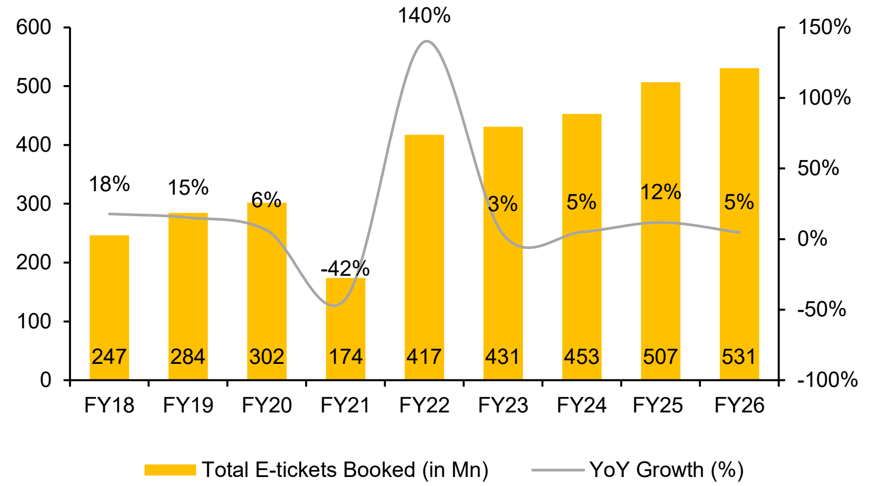


Source: IRCTC & Choice Institutional Equities

1.1 Deepening the Digital Moat: From Ticketing Utility to Integrated Mobility Platform

Strong growth in number of E-tickets booked via IRCTC

Strong Growth in Total Number of E-tickets Booked Through IRCTC

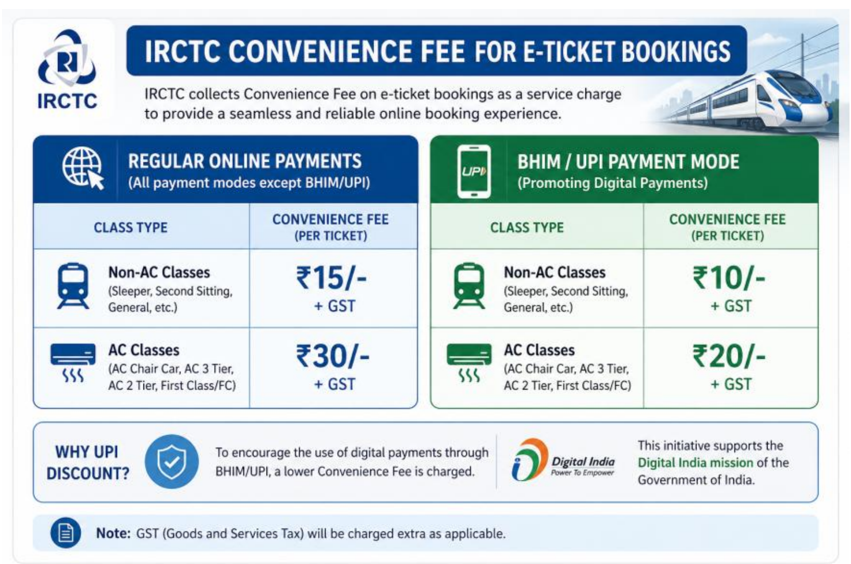


Source: IRCTC & Choice Institutional Equities

- For IRCTC, the internet ticketing business benefits from a highly attractive, **transaction-driven revenue model, where a fixed convenience fee is charged per ticket booked, largely independent of the ticket value.** This creates a predictable and scalable revenue stream, directly linked to booking volumes rather than fare fluctuation.
- Let's understand the unit economics of convenience fees charged across ticket classes and payment modes for online reserved tickets:

IRCTC earns the highest convenience fee per ticket on AC bookings made through regular online payment modes.

Unit Economics in Internet Ticketing Segment



Source: IRCTC & Choice Institutional Equities

- Overall, IRCTC's internet ticketing segment represents a powerful digital moat, combining regulatory exclusivity with scale, profitability and strong cash generation, making it a key driver of the company's long-term value.

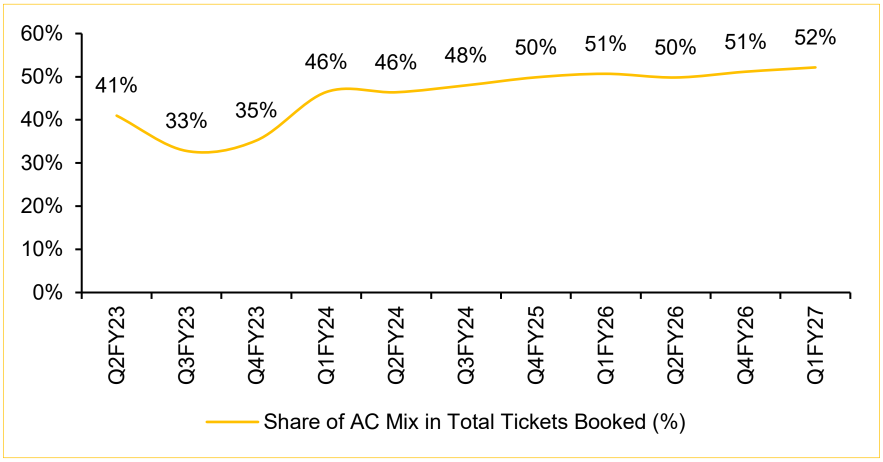
1.1 Deepening the Digital Moat: From Ticketing Utility to Integrated Mobility Platform

1.1.2 Premiumisation Tailwind Driven by Rising AC Mix and Vande Bharat Adoption

- An increasing share of AC ticket bookings, along with the rising adoption of Vande Bharat Express, is driving a structural premiumisation tailwind for IRCTC.
- This shift supports **higher convenience fee realisation per ticket, given the differential pricing between AC and non-AC classes.**
- Additionally, premium trains and higher-end passengers enable better **cross-selling opportunities across meals, insurance and other value-added services**, leading to improved per-user monetisation.

Gradual shift to higher AC ticket bookings has led to strong growth in convenience fees for IRCTC

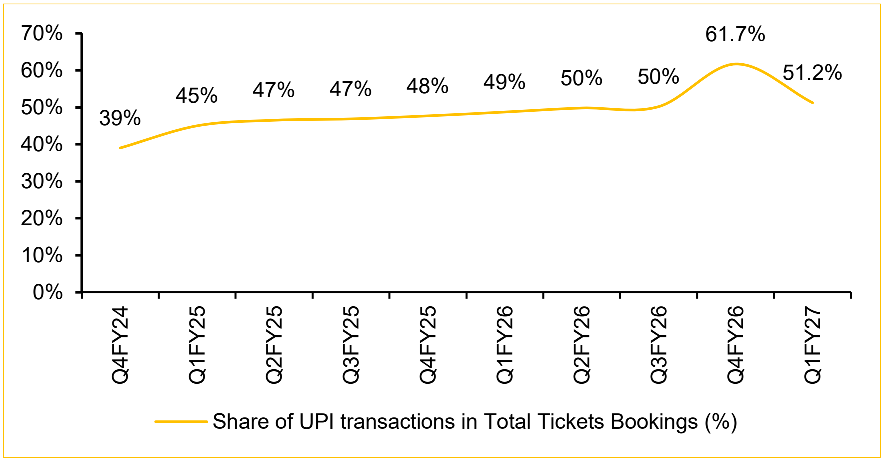
A rising AC mix continues to support high per-ticket Realisation



Source: IRCTC & Choice Institutional Equities. Note: Data for some quarters is not disclosed by IRCTC

The share of UPI transactions in online reserved ticket bookings rose from 33% in Q4FY23 to 51.2% in Q1FY27

while Increasing UPI penetration offsets this benefit through lower Convenience fee charged on UPI transactions



Source: IRCTC & Choice Institutional Equities

- **While the increase in share of UPI transactions in online railway bookings is a headwind for IRCTC, given the lower convenience fee (with an approximate INR 10 per ticket differential for AC class bookings), it has also been a key enabler of volume growth.**

- The seamless, low-friction nature of UPI payments, has improved accessibility and conversion rates, thereby supporting higher ticketing volumes on the platform.

1.1 Deepening the Digital Moat: From Ticketing Utility to Integrated Mobility Platform

- Over the next three years, the capital expenditure strategy of Ministry of Railways is clearly geared towards **premiumisation of passenger travel through large-scale induction of AC coaches and 'Vande Bharat' trains.**

- **The Union Budget has consistently allocated INR 2.6–2.9 lakh Cr. annually to Indian Railways, with a significant portion (INR 50,000–60,000 Cr. per year) earmarked for rolling stock.**

- A key pillar of this strategy is the expansion of the Vande Bharat Express fleet. **At present, around 164 Vande Bharat trains are operational, with plans to scale this up to approximately 800 trainsets by 2030 and further to about 4,500 trainsets by 2047.**

Premium trains account for 9-10% of the express trains running in India at present

Rising Share of Premium Trains in the Network

Year	Total Express Trains	Premium Trains	Premium %	Non-Premium %
FY 2022	2,999	~240	~8.0%	~92.0%
FY 2023	4,036	~280	~6.9%	~93.1%
FY 2024	4,111	~320	~7.8%	~92.2%
FY 2025	~4,125	~380–400	~9–10%	~90–91%

Note: We have assumed Vande Bharat, Rajdhani and Shatabdi express trains for our calculation on the number premium trains.

Source: IRCTC & Choice Institutional Equities

- **In parallel, Railways is steadily increasing the share of Linke Hofmann Busch (LHB) coaches and AC configurations (3AC, chair car, AC economy), reflecting a structural shift in passenger preference towards high comfort segments**. The introduction of Vande Bharat Sleeper variants is another critical development, extending premiumisation into long-distance overnight travel.

- Overall, the capex push indicates a clear transition, from a predominantly mass, non-AC network to a more AC-heavy, higher-yield passenger mix, which has positive implications for monetisation across the railway ecosystem, including digital platforms of IRCTC.

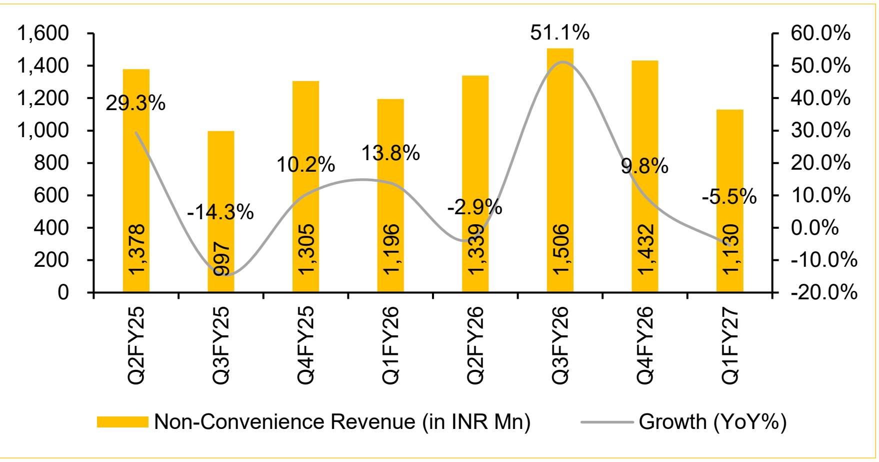
1.1 Deepening the Digital Moat: From Ticketing Utility to Integrated Mobility Platform

1.1.3 Monetising a Saturated but Captive User Base

- IRCTC operates in a structurally unique position as the exclusive online ticketing platform for Indian Railways, giving it access to a large, recurring, and highly captive user base.
- **With about 89% of portion of railway ticket bookings already transacting through its platform, incremental user growth is naturally moderating, shifting the strategic focus to increasing the non-convenience revenue.**
- **We believe that non-convenience revenue will be the next growth driver in IRCTC's Internet Ticketing segment as growth in convenience revenue matures.**

IRCTC is actively focussing on scaling up its non-convenience revenue through a set of targeted initiatives aimed at improving platform monetisation such as scaling up the I-Pay revenues

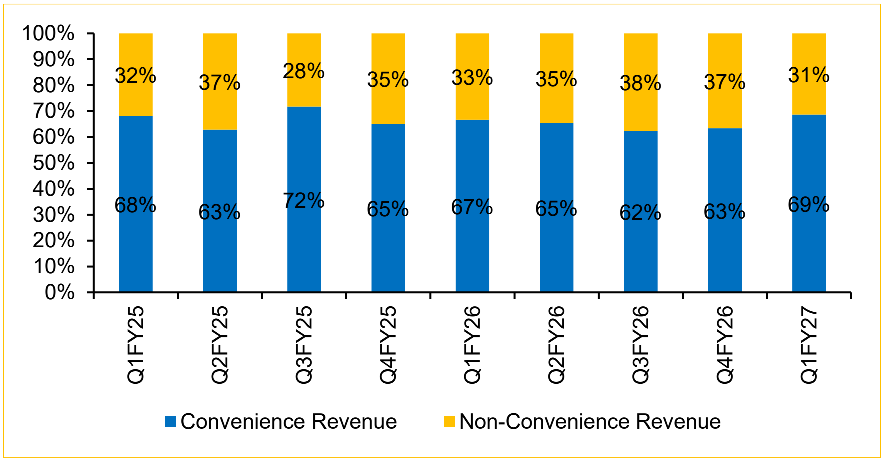
Strong Growth in Non-convenience Revenue over the Past Few Quarters



Source: IRCTC & Choice Institutional Equities

Non-convenience revenue share increased to 37.0% in Q4FY26 from 32.0% in Q1FY25. The decline in Q1FY27 was due to temporary removal of website advertising during the UI/UX revamp, tighter agent restrictions and weaker iPay income

Non-convenience Revenue Gains Share in Overall Mix



Source: IRCTC & Choice Institutional Equities

1.1 Deepening the Digital Moat: From Ticketing Utility to Integrated Mobility Platform

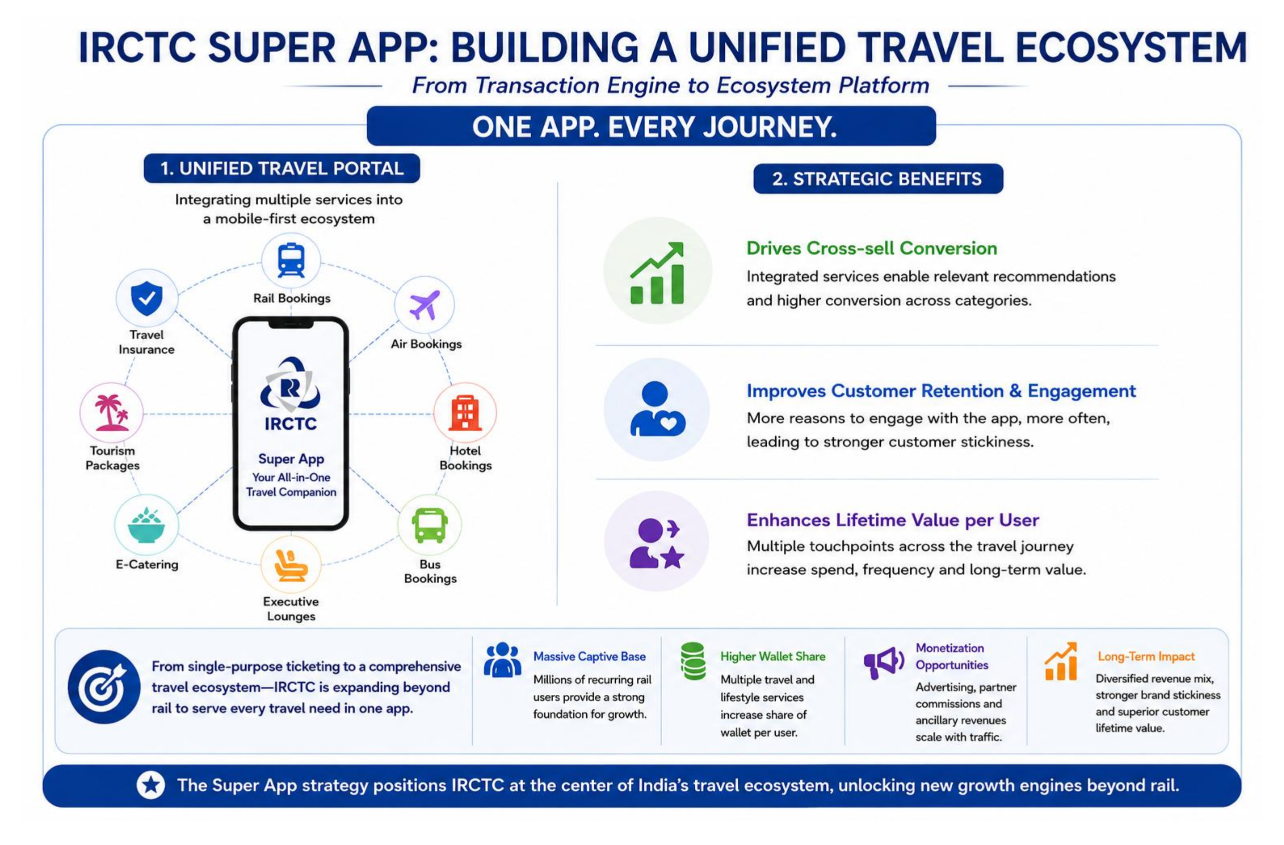
1.1.4 Platform Consolidation via the 'Super App'

IRCTC is developing a unified travel portal to integrate rail bookings with flights, hotels, buses and tourism services, evolving into a one-stop travel ecosystem.

- A key strategic focus for IRCTC in FY27 is to build a **unified travel portal** enabling cross-selling of travel-related and value-added services such as flights, hotels, bus bookings and tourism packages. This initiative also aims to **capture incremental market share from private online travel aggregators (OTAs)**.

- For IRCTC, the evolution towards a unified, mobile-first "super app" represents a structural shift, from a single-use ticketing platform to a comprehensive travel ecosystem. **By integrating rail bookings with air tickets, hotels, buses and e-catering in a solitary interface, IRCTC is positioning itself as a one-stop travel marketplace.**

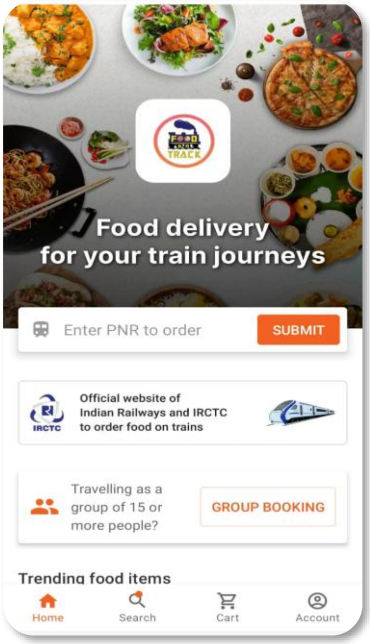
- **This consolidation meaningfully enhances cross-sell opportunities, as users booking train tickets can be nudged towards ancillary services, such as meals, hotel stays or last-mile transport.** Over time, this is projected to increase average revenue per user (ARPU) and reduce dependence purely on ticketing fees.



- From a strategic lens, this marks IRCTC's transition from being a transaction processor (ticketing utility) to an integrated digital platform, unlocking higher lifetime value per user and creating a more defensible competitive moat.

1.2 Scalable Hospitality & Thematic Tourism: Asset-light Growth with Structural Demand Tailwinds

IRCTC's own catering operations follows a **licensing-based** model while it's E-catering model enables passengers to connect with authorised restaurants across railway stations, allowing IRCTC to benefit from an **asset-light and scalable business model** which improves supports margin expansion as order volumes grow. **Bharat Gaurav (~40%)** is the major contributor to the Tourism segment revenue. Importantly, this business benefits from **strong policy support from the government, given the broader push towards cultural tourism, rail connectivity and domestic travel promotion.** IRCTC is also steadily expanding the production capacity of Rail Neer with the objective of meeting a larger share of the packaged drinking water demand. IRCTC's current production capacity stands at around **1.55 Mn bottles/day**, which we believe should increase to **~2 Mn bottles/day** in the long term.



1.2.1 E-Catering: Aggregator Model driving Operating Leverage

- IRCTC's catering operations increasingly follow a **licensing-based model,** wherein food preparation and service responsibilities are outsourced to licensed vendors and approved catering operators, while IRCTC acts as the platform owner and service facilitator.
- Under this structure, licensed partners prepare and supply meals across trains in accordance with IRCTC's quality and operational standards, while IRCTC **earns revenue through licensing fees.**
- This approach allows the company to expand catering volumes without undertaking significant investments. The asset-light model allows IRCTC to expand catering operations without proportionate increases in its cost base
- IRCTC also has an E-catering model which enables railway passengers to pre-order meals online through the IRCTC app from a network of restaurant partners and receive food directly at their train seat during the journey. **The platform connects passengers with authorised restaurants across railway stations, allowing IRCTC to earn better contribution margin as compared to a traditional onboard catering meal.**

IRCTC E-catering Model offers a Margin Profile Better than Traditional on-board Pantry Services

Model	Margin Profile	Description
Aggregator / E-Catering Model	**Higher margin**	IRCTC acts mainly as a platform and earns commissions without bearing the cost of food preparation, kitchen, inventory, or delivery infrastructure
Own Catering / Pantry Operations	**Lower margin**	IRCTC or licensed operators bear operational cost, such as food procurement, manpower, kitchens, pantry cars, logistics, wastage and compliance

Source: IRCTC & Choice Institutional Equities

The company is increasingly partnering with leading food delivery and restaurant platforms, such as Swiggy and Zomato, to expand food availability and improve delivery efficiency.

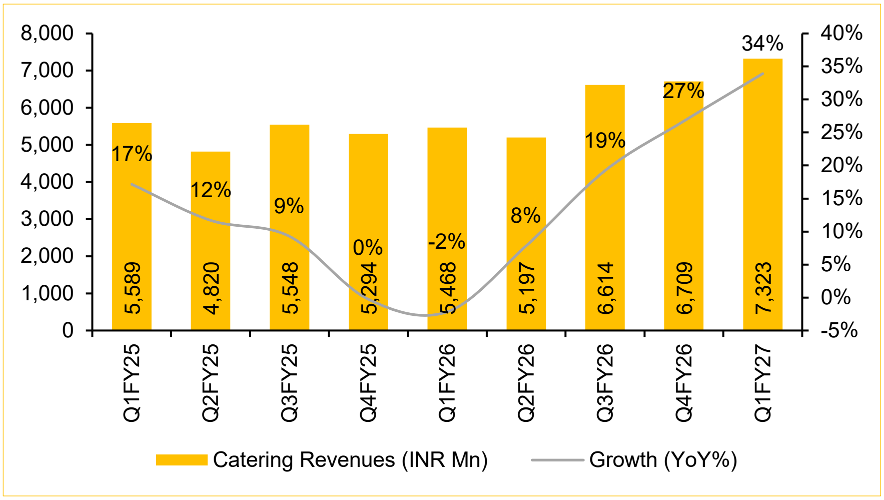
IRCTC's Authorised Partners in E-catering model

Source: IRCTC & Choice Institutional Equities

1.2 Scalable Hospitality & Thematic Tourism: Asset-light Growth with Structural Demand Tailwinds

Growth has re-accelerated meaningfully in in H2'26, suggesting improving execution, stronger travel demand and scaling up of E-catering initiatives.

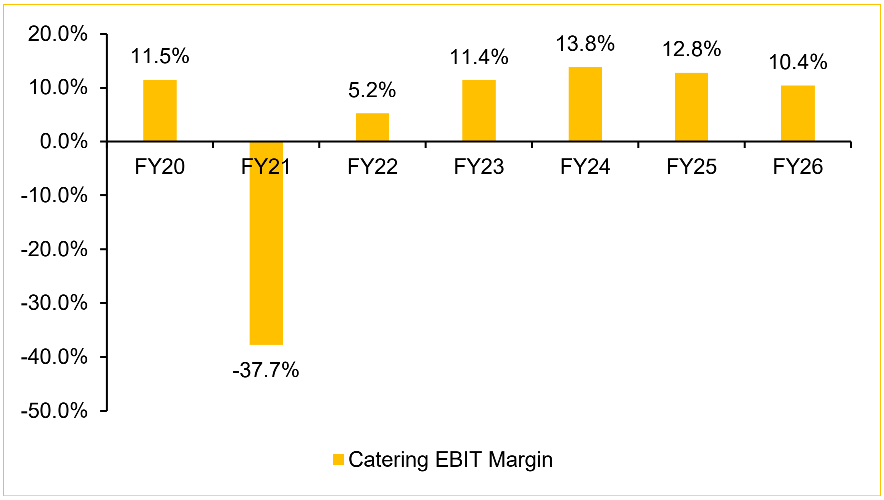
Strong Growth in Catering Revenues over the Past Few Quarters



Source: IRCTC & Choice Institutional Equities

Catering EBIT Margin has improved over the years owing to better unit economics

Gradual Improvement in Catering EBIT Margin



Source: IRCTC & Choice Institutional Equities

- **We believe strong passenger traffic growth, inflation-led increase in spend per passenger, scaling up of the E-catering model, rising AC mix and ongoing modernisation initiatives will continue to drive healthy growth in IRCTC's catering business.**
- Additionally, introduction of premium Vande Bharat Express services is expected to **improve the overall unit economics of the Catering segment.** Since meals on many Vande Bharat routes are prepaid and integrated into ticket bookings, this provides better demand visibility and improves operational efficiency.

1.2 Scalable Hospitality & Thematic Tourism: Asset-light Growth with Structural Demand Tailwinds

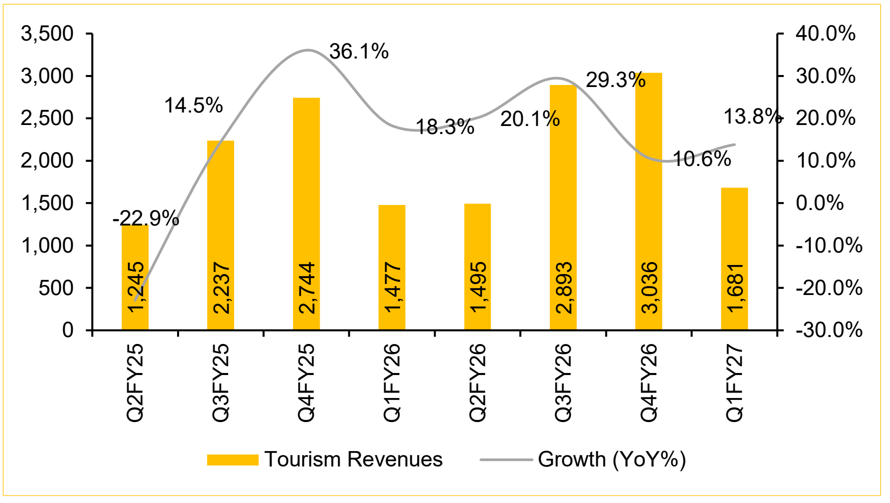
IRCTC's Tourism segment offers a diversified portfolio spanning holiday packages, pilgrimage tours, Bharat Gaurav trains, luxury rail tourism, flights, hotels and bus bookings

1.2.2 Bharat Gaurav and Luxury Rail Tourism Driving Tourism Growth

- **The Tourism segment of IRCTC offers a diversified portfolio of travel and hospitality services beyond railway ticketing.** The segment includes flight and hotel bookings, rail tour packages, holiday packages, Bharat Gaurav tourist trains, luxury rail tourism, bus bookings and pilgrimage-focussed travel offerings.
- **Bharat Gaurav (~40%) is the major contributor to the Tourism segment revenue.** IRCTC is increasingly positioning itself as a key organiser and aggregator of India's fast-growing spiritual and religious tourism market through the **Bharat Gaurav tourism initiative.**
- By offering curated thematic circuits, such as the Char Dham pilgrimage, Jyotirlinga tours and other heritage-focussed journeys, IRCTC is creating a structured and scalable platform for **pilgrimage travel** across the country.
- Importantly, this business benefits from **strong policy support from the government, given the broader push towards cultural tourism, rail connectivity and domestic travel promotion.**
- In parallel, premium offering, such as luxury tourist trains including **Maharajas' Express,** further enhance monetisation through high-value experiential travel and is a strong contributor to Tourism revenues.

Strong growth in the Tourism revenues of IRCTC is driven by a combination of religious tourism demand, and premium rail tourism

Tourism Revenues Delivering Consistent Growth



Source: IRCTC & Choice Institutional Equities

- The segment-level EBIT margin in the tourism segment also turned positive in FY25; improving from (2.7%) in FY24 to 12.6% in FY25.

1.2 Scalable Hospitality & Thematic Tourism: Asset-light Growth with Structural Demand Tailwinds

1.2.3 Rail Neer: Expanding Footprint to Meet Growing Demand

IRCTC is progressing with four greenfield Rail Neer plants at Mysore, Prayagraj, Bhagalpur and Ranchi, which will further expand its packaged drinking water capacity.

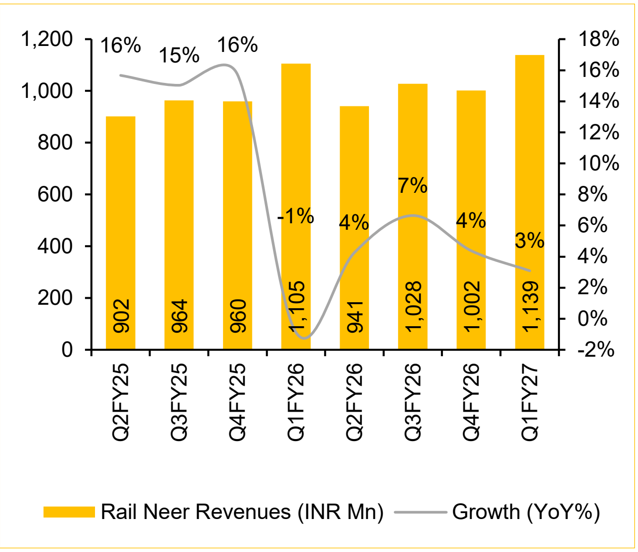
- **Rail Neer** is the packaged drinking water brand owned and operated by IRCTC, primarily supplied across trains in India. IRCTC is steadily expanding the production capacity of Rail Neer with the objective of meeting a larger share of the packaged drinking water demand across the railway network.
- IRCTC currently has an installed Rail Neer capacity of **~1.78 Mn bottles/day**, while actual supply stands at **~1.55 Mn bottles/day**, implying **~87% capacity utilisation.** Installed capacity has declined from **~1.84 Mn** bottles/day following the closure of one plant.
- We believe the company plans to increase its overall production capacity to **~2 Mn bottles/day** over the long term, supported by capacity additions of **~1,00,000 bottles/day** each at the Ambernath and Danapur plants."
- **Apart from these capacity expansions, IRCTC is also progressing with four greenfield Rail Neer plants at Mysore, Prayagraj, Bhagalpur and Ranchi.**

Major Rail Neer Plants & Daily Production Capacity

Sr.No	Location	Daily Production Capacity
1	Ambernath (Maharashtra)	2,00,000 bottles/day
2	Palur (Tamil Nadu)	1,80,000 bottles/day
3	Nangloi (Delhi)	1,50,000 bottles/day
4	Danapur (Bihar)	1,02,000 bottles/day
5	Hapur (UP)	1,00,000 bottles/day
6	Sankrail (West Bengal)	1,00,000 bottles/day
7	Amethi (UP)	72,000 bottles/day
8	Bilaspur (Chhattisgarh)	72,000 bottles/day
9	Parassalla	72,000 bottles/day
10	Nagpur (Maharashtra)	72,000 bottles/day
11	Guwahati (Assam)	72,000 bottles/day
12	Jabalpur (Madhya Pradesh)	72,000 bottles/day
13	Mandideep (Bhopal)	72,000 bottles/day
14	Una (Himachal Pradesh)	72,000 bottles/day
15	Bhusawal (Maharashtra)	72,000 bottles/day
16	Sanand (Gujarat)	72,000 bottles/day
17	Kota (Rajasthan)	72,000 bottles/day
18	Bhubaneswar (Odisha)	72,000 bottles/day
19	NTPC Simhadri, Vizag (AP)	72,000 bottles/day
20	Mallavali	72,000 bottles/day
	Total Capacity	**18,40,000 bottles/day**

Source: IRCTC & Choice Institutional Equities
**Note: One of the production facility remains non-operational*

Rail Neer Revenue Growth Moderates Amid Capacity Constraints



Source: IRCTC & Choice Institutional Equities

- Importantly, at present, IRCTC serves only around **50–60%** of the total packaged drinking water demand within the railway ecosystem, with the remaining demand fulfilled by **other packaged drinking water brands**. This highlights the significant long-term growth opportunity for Rail Neer, given the massive passenger traffic handled by Indian Railways.
- **Overall, Rail Neer operates in a demand-surplus environment, where, at present, long-term growth is constrained more by production capacity than demand. Plant additions and capacity expansion should therefore support steady long-term growth in the segment.**

1.3 Scalable Asset-light Platform Supporting Gradual Margin Expansion

IRCTC is increasingly evolving into a **scalable, asset-light digital platform** with multiple growth and margin expansion levers beyond its core ticketing business. The company's recent **Navratna status** enhances execution agility and capital allocation flexibility, where IRCTC can undertake investments of up to **INR 10 Bn or 15% of its net worth.** The proposed payment aggregator license could unlock a meaningful fintech opportunity as it would open up a potential transaction opportunity of **INR 700 Bn** and enable broader payment processing services across government and PSU ecosystems. **Thus, we believe, IRCTC's new initiatives, including the unified travel platform, expansion of the payment's ecosystem and improving unit economics in the Catering & Tourism segment, are expected to gradually drive margin expansion over the medium term.**

1.3.1 Navratna Status: Execution Agility & Capital Autonomy

- The grant of **Navratna Status** to IRCTC in March 2025 marks an important strategic milestone, providing the company with greater operational and financial autonomy.
- Under Navratna status, IRCTC can undertake investments of up to **INR 10 Bn or 15% of its net worth** without requiring prior government approval, significantly reducing procedural delays in decision-making.
- This enhanced flexibility is expected to improve execution agility across key growth initiatives, including capacity expansion in businesses, such as Rail Neer, development of tourism infrastructure and strategic partnerships

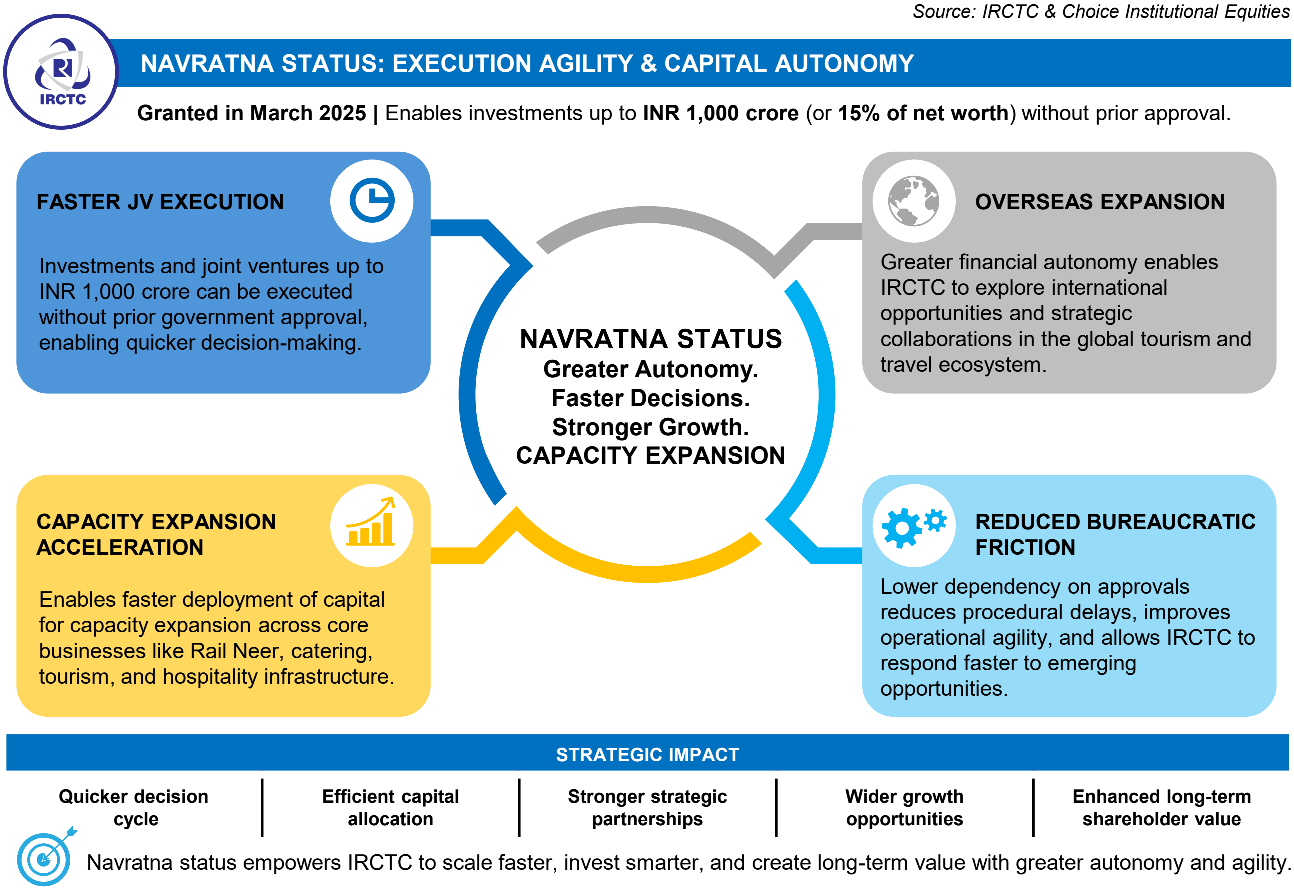
India's Central PSUs are broadly classified as

Category	Meaning	Approx Status
Maharatna	Highest autonomy	Elite PSUs
Navratna	High autonomy	Strong large PSUs
Miniratna	Moderate autonomy	Smaller profitable PSUs

Breakdown of 72 Listed PSU Stocks, by Ratna Status

Status	Approx Listed Count	Share of Listed PSU Universe
Maharatna	11–12	15–16%
Navratna	23–24	32–33%
Others (Miniratna/regular)	37–39	51–53%

Source: IRCTC & Choice Institutional Equities



- Overall, Navratna status reduces bureaucratic friction and enables faster capital allocation, strengthening IRCTC's ability to scale up its platform and respond more efficiently to long-term growth opportunities.

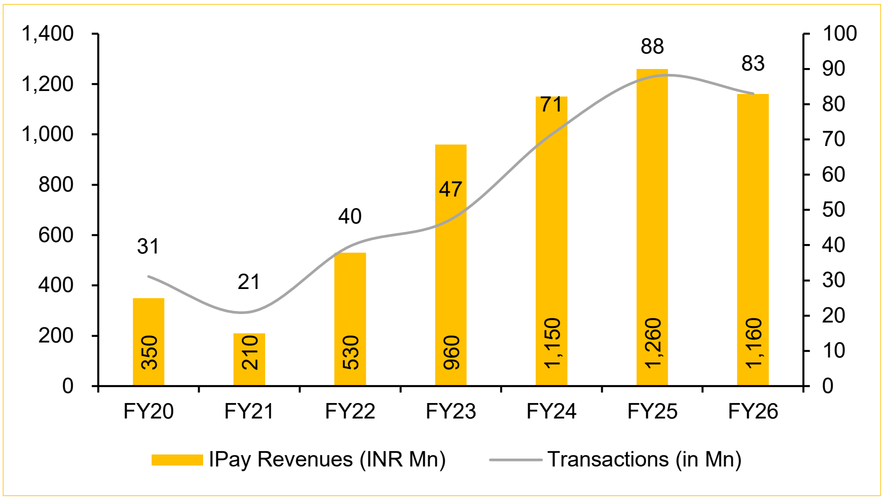
1.3 Scalable Asset-light Platform Supporting Gradual Margin Expansion

1.3.2 IRCTC Payments Ltd Embedded Fintech Optionality

- IRCTC is gradually expanding its digital payments ecosystem through **IRCTC Payments Ltd**, evolving from an internal payment gateway solution into a broader standalone payment aggregation platform.

IRCTC's internal payment gateway iPay already generates a meaningful scale supported by the large transaction volumes flowing through its ticketing ecosystem.

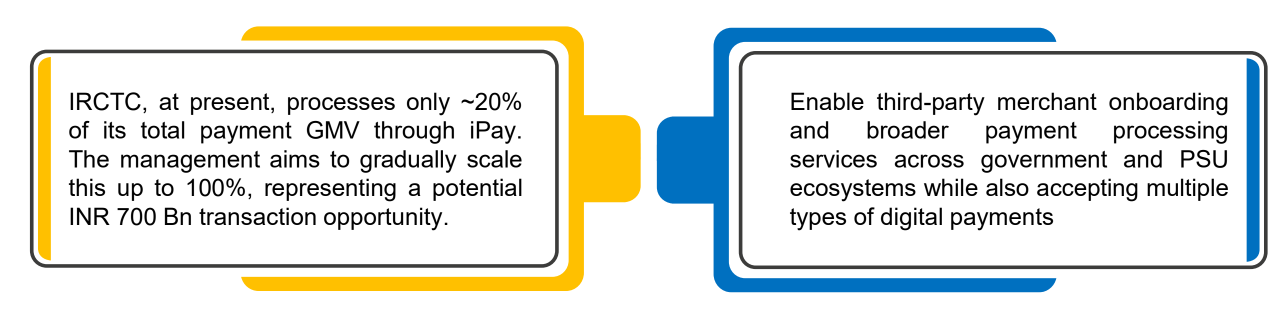
IRCTC's iPay Revenues Generated Scale Supported by Large Transaction Volumes



Source: IRCTC & Choice Institutional Equities

- IRCTC Payments Limited has secured in-principal approval from the RBI to operate as an **online payment aggregator** under the Payment and Settlement Systems Act, 2007.
- We believe, this would open-up two massive growth opportunities for IRCTC payments once it receives the final approval license from RBI.

Payment Aggregator License - Two Massive Growth Opportunities could Open up for IRCTC



Source: IRCTC & Choice Institutional Equities

- We believe this represents a massive opportunity in the long-term and it will scale up the **non-convenience revenues** in the internet ticketing segment while also leading to **gradual margin expansion.**

1.3 Scalable Asset-light Platform Supporting Gradual Margin Expansion

1.3.3 DFCs Unlock Rail Capacity; New Trains to Drive Passenger Volumes

- The ongoing expansion and modernisation of Indian Railways infrastructure is expected to act as a long-term structural growth multiplier for IRCTC.

- The commissioning of **Dedicated Freight Corridors (DFC)** is gradually freeing up passenger rail capacity by shifting freight traffic away from existing passenger routes, enabling Indian Railways to increase the number of passenger trains and improve network efficiency.

- In parallel, Indian Railways plans to introduce hundreds of new Vande Bharat and Amrit Bharat trains in the next few years while adding about **4,802** new coaches to the system in FY27

Higher train capacity and passenger traffic are expected to drive:

- Increased E-ticketing volumes,
- Higher catering demand,
- Stronger Rail Neer consumption,
- Greater monetisation opportunities across tourism and ancillary services.

Key DFC Numbers

Metric	Data
Total DFC network length	~2,843 km
Eastern DFC completion	Fully Operational since FY24
Western DFC completion	Fully Operational since Mar'26
DFC project cost	~INR 1.24 lakh Cr
Freight trains/day on DFC	~435/day as of Aug-26
Share of freight traffic shifted	~90% freight diversion on some EDFC sections
Existing rail route utilisation earlier	~150% line capacity on key routes
Freight corridor design target	~480 trains/day

Source: IRCTC & Choice Institutional Equities

1.3 Scalable Asset-light Platform Supporting Gradual Margin Expansion

1.3.4 Platform Scale Creates Multiple Levers for Margin Expansion

- IRCTC benefits from **significant operating leverage in its internet ticketing and digital payments businesses** owing to the largely fixed-cost nature of its technology infrastructure.

- The same operating leverage also applies to the company's payments ecosystem, where higher **GMV processed through iPay** can significantly improve profitability owing to low incremental processing cost on an already-established platform infrastructure.

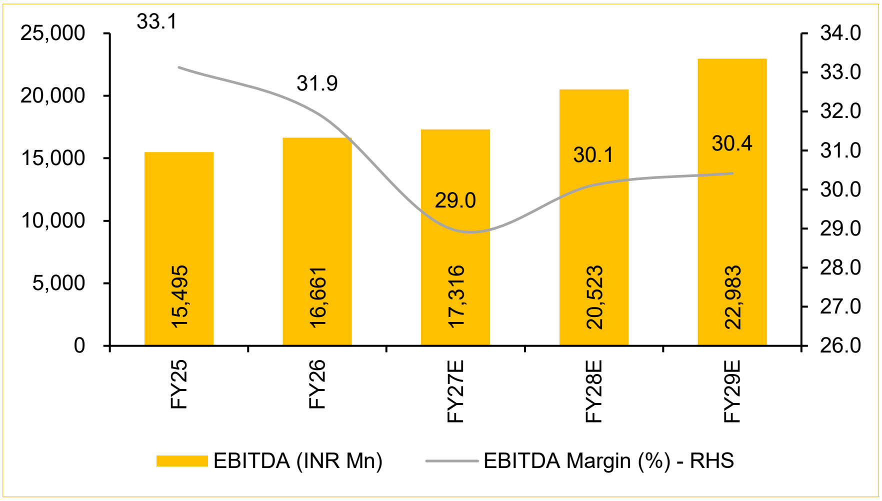
- **Unit economics in the Catering business** are also expected to improve on account of higher Vande Bharat trains and scaling up of the E-catering business.

- We believe EBITDA margin would decline to **29.0% in FY27E** owing to an evolving business mix. However, margin expansion is likely to resume thereafter, supported by scaling up of non-convenience fees in the internet ticketing segment and improving unit economics in the Catering segment.

- Thus, we believe IRCTC has multiple margin expansion levers, including the **unified travel platform, scaling up of its payment's infrastructure and improving unit economics across the Catering and Tourism segments**, which together could support gradual margin expansion.

We believe IRCTC's new initiatives, including the unified travel platform, expansion of the payment's ecosystem and improving unit economics in the Catering & Tourism segment, are expected to gradually drive margin expansion over the medium term.

Operating Leverage Expected to Drive Gradual Margin Expansion



Source: IRCTC & Choice Institutional Equities

Impact of New Merchant Discount Rate (MDR) Policy on IRCTC

- UPI payments for railway transactions above **INR 2,000** will attract a flat **INR 5 MDR**, while transactions below **INR 2,000** will remain **MDR-free.**

- The new UPI MDR framework could **modestly pressure IRCTC's high-margin Internet Ticketing profitability**, although the impact is likely to remain contained given the **INR 2,000** threshold and relatively **low average railway transaction value.**

- Railway UPI transactions have an average ticket value of **~INR 687**, implying that a significant proportion of transactions are likely to remain below the MDR threshold.

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2.1 Key Risks

IRCTC faces risks from regulatory dependence, rising UPI-led monetisation pressure, execution challenges in new digital initiatives and operational constraint in scaling up and managing Rail Neer capacity efficiently.

- **Regulatory & Government Dependency:** IRCTC operates under the administrative control of **Indian Railways**, making it dependent on government policies and regulatory decisions. Possible changes in convenience fee structures, revenue-sharing arrangement or catering policy could materially impact profitability.
- **Rising UPI Penetration:** IRCTC faces **monetisation risk** from the rising share of **UPI-based transactions**, as convenience fee earned on UPI bookings is lower than those on card-based payments due to the differential fee structure **(approximately INR 10 per AC class ticket).** The share of UPI transactions has already increased to **~50%** and is expected to rise further.
- **Execution Risk in New Initiatives:** IRCTC faces execution risk across its newer initiatives, including payment aggregation, unified travel ecosystem, digital advertising and tourism expansion.
- **Rail Neer Capacity & Operational Risks:** IRCTC also faces operational and capacity-related challenges in scaling up and maintaining efficiency across its Rail Neer packaged drinking water plants.

Key Investor Questions Answered

1. Does IRCTC continue to face significant key policy risks from the government?

IRCTC is a listed PSU under the Ministry of Railways and is therefore exposed to policy risk. In Oct'21, the Ministry of Railways directed IRCTC to share **50% of convenience fee revenue** from online ticket bookings with Indian Railways — a proposal that was withdrawn within 24 hours. In Mar' 25, **IRCTC was granted Navratna status**, which affords greater operational autonomy, including the ability to invest up to **INR 1,000 Cr (or 15% of net worth)** without prior government approval. We believe Navratna status strengthens IRCTC's operational autonomy and execution flexibility and should positively influence investor perception of governance quality. That said, given IRCTC's structural linkage to Indian Railways and the broader government policy framework, regulatory intervention risk cannot be fully ruled out, though we see the probability of an aggressive policy disruption, akin to the 2021 convenience fee episode, as materially lower today.

2. How is IRCTC mitigating the impact of revenue loss in the internet ticketing segment from rising UPI transactions?

The increasing share of UPI transactions in online railway bookings is a headwind for IRCTC as it earns lower convenience fee with an approximate **INR 10 per ticket** differential for AC class bookings. The share of UPI transactions in ticket bookings increased to **~51% in Q1FY27 from ~33% in Q4FY23**. The impact of revenue loss is being mitigated by focussing on increasing **the share of non-convenience revenues which now represents ~36%** of total internet ticketing segment revenue in FY26. A key strategic focus for IRCTC in FY27E is to build a **unified travel portal** which enables cross-selling of additional travel-related and value-added services, such as flights, hotels, bus bookings and tourism packages. Also, IRCTC has secured in-principal approval from the RBI to operate as an **online payment aggregator** which would open up a potential **INR 700 Bn** transaction opportunity and enable third-party merchant onboarding.

3. How is IRCTC's Tourism segment outlook?

The Tourism segment of IRCTC offers a diversified portfolio of travel and hospitality services beyond railway ticketing. IRCTC is increasingly positioning itself as a key organiser and aggregator of India's fast-growing spiritual and religious tourism market through the **Bharat Gaurav tourism initiative (40% of the segment revenue).** The tourism segment is consistently delivering **double-digit growth,** which is expected to continue in the medium term. Premium luxury trains, such as the **Maharajas' Express** are performing quite well and contributing to the growth of the segment. Importantly, this business also benefits from strong policy support from the government, given the broader push towards cultural tourism, rail connectivity and domestic travel promotion.

2.2 View & Valuation Rationale

- IRCTC has a monopoly in the online reserved railway bookings in India with about **89% of reserved tickets booked through its platform.** With a near-term saturation in the company's most profitable segment, the company is focussing on scaling up revenues through other high-growing segments.

- The ongoing premiumisation of passenger travel, driven by a rising AC mix **(~51%)** and adoption of Vande Bharat trains, further enhances revenue potential through higher convenience fee realisation.

- In addition, IRCTC's proposed **unified travel platform** along with its **payment aggregator license** will further open up strong growth opportunities to increase non-convenience revenues. IRCTC's Rail Neer segment is also expected to witness stable growth as the current capacity is expected to increase from about **~1.55 Mn bottles/day** to about **~2 Mn bottles/day**.

- We expect **EBITDA margin** to decline to **29.0% in FY27E from 31.9% in FY26** owing to an evolving change in business mix. However, margin expansion is likely to resume thereafter, supported by scaling up new business initiatives and improving unit economics in the Catering segment.

- Thus, we forecast **Revenue/EBITDA/PAT CAGR** of **13.2%/11.3%/10.8%** over **FY26–FY29E**. We value **IRCTC** at **25x average of FY28E & FY29E** EPS, arriving at a Target Price of **INR 560**, implying a **20.9%** upside from current level.

- Thus, we initiate coverage on **IRCTC** with an **'BUY'** recommendation and Target Price of **INR 560.**

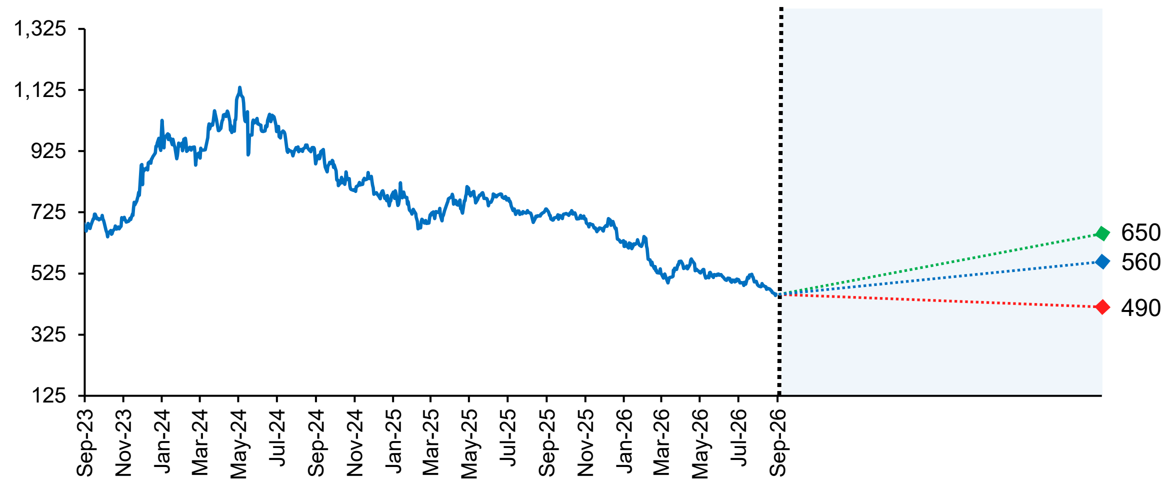
Company	CMP (INR)	TP (INR)	RECO	Market Cap (INR Bn)	Revenue CAGR (FY26-29E)	EPS CAGR (FY26-29E)	EBITDA Margin (%)				EPS (INR)			
							FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E
TBOTEK	1,705	2,075	BUY	185.1	26%	42%	14.1	16.3	17.5	18.6	22.9	39.2	52.4	66.1
IXIGO	161	190	ADD	71.0	26%	53%	5.9	7.3	10.0	11.2	1.8	2.9	4.5	6.3
RATEGAIN	842	1,185	BUY	99.8	29%	41%	18.5	21.5	22.0	22.5	16.4	31.4	38.3	46.2
IRCTC	471	560	BUY	376.6	13%	11%	31.9	29.0	30.1	30.4	17.4	18.0	21.2	23.7
BLS	233	NA	NA	95.6	10%	16%	28.4	29.1	29.6	29.6	16.6	19.2	23.3	25.6
YATRA	104	NA	NA	1.6	15%	22%	8.7	9.5	10.1	10.1	5.0	7.1	8.4	9.0

Company	CMP (INR)	TP (INR)	PE (x)				ROE (%)				PEG Ratio
			FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E	
TBOTEK	1,705	2,075	74.5x	43.5x	32.5x	25.8x	15.8	21.2	22.1	21.8	0.8x
IXIGO	161	190	92.0x	54.6x	35.5x	25.6x	3.5	5.5	7.9	9.8	0.7x
RATEGAIN	842	1,185	51.3x	26.9x	22.0x	18.2x	10.5	16.9	17.4	17.6	0.5x
IRCTC	471	560	27.0x	26.1x	22.3x	19.9x	32.4	27.3	27.4	26.9	2.1x
BLS	233	NA	14.0x	12.1x	10.0x	9.1x	26.4	NA	NA	NA	0.6x
YATRA	104	NA	20.7x	14.6x	12.3x	11.5x	6.8	NA	NA	NA	0.6x

Note: TBOTEK, IXIGO, IRCTC & RATEGAIN are CIE estimates while BLS & YATRA are Bloomberg estimates

Source: BBG, Choice Institutional Equities

2.3 Bull/ Bear Case



INR 650
38.0 % Upside

BULL Assumptions

- Revenue growth of **14.0% CAGR** over **FY26–FY29E**, with PAT margin improving to **27.2% by FY28E**.
- **Strong growth in non-convenience-fee revenues within Internet Ticketing**, supported by higher transaction volumes, premiumisation and increasing AC mix.
- **Catering and Tourism scale faster than expected**, while Rail Neer benefits from capacity additions and higher plant utilisation.
- Higher contribution from growth verticals and operating leverage drive margin expansion.

INR 560
20.9% Upside

BASE Assumptions

- Revenue growth of **13.2% CAGR over FY26–FY29E**, with PAT margin declining to **24.8% by FY28E**.
- **Steady growth in non-convenience-fee Internet Ticketing revenues**, supported by passenger growth and gradual premiumisation.
- **Catering and Tourism continue to scale steadily**, while Rail Neer benefits from planned capacity additions and improving utilisation.

INR 490
4% Upside

BEAR Assumptions

- Revenue growth moderates to **9.0% CAGR over FY26–FY29E**, with PAT margin declining to **23.4% by FY28E**.
- Slower growth in **non-convenience-fee Internet Ticketing revenues**, coupled with weaker-than-expected passenger volumes, limits segment growth.
- **Lower operating leverage and continued pressure on Internet Ticketing profitability** result in further PAT margin compression.

3.1 Financials & Ratios

Income Statement (Consolidated in INR Mn)

Particular	FY25	FY26	FY27E	FY28E	FY29E
Revenue	46,773	52,149	59,800	68,150	75,565
Gross profit	17,689	19,104	19,970	22,983	25,618
EBITDA	15,495	16,661	17,316	20,523	22,983
Depreciation	526	496	677	818	906
EBIT	14,969	16,165	16,639	19,705	22,077
Other income	2,289	2,606	2,793	3,066	3,401
Interest expense	169	182	172	172	172
PAT	13,146	13,940	14,409	16,911	18,936
EPS	16.4	17.4	18.0	21.2	23.7

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenues	9.5	11.5	14.7	14.0	10.9
Gross Profit	7.6	8.0	4.5	15.1	11.5
EBITDA	5.7	7.5	3.9	18.5	12.0
EBIT	6.2	8.0	2.9	18.4	12.0
Margin Ratios (%)					
Gross Profit Margin	37.8	36.6	33.4	33.7	33.9
EBITDA Margin	33.1	31.9	29.0	30.1	30.4
EBIT Margin	32.0	31.0	27.8	28.9	29.2
Profitability (%)					
Return on Equity (ROE)	35.9	32.4	27.3	27.4	26.9
Return on Invested Capital (ROIC)	30.1	27.8	23.6	24.1	23.7
Return on Capital Employed (ROCE)	28.0	26.1	22.3	22.8	22.4
Valuation					
OCF/ Net Profit (%)	63.4	91.3	64.2	80.2	81.8
PE (x)	54.0	27.0	26.1	22.3	19.9
EV/EBITDA (x)	45.9	22.7	21.8	18.4	16.4
Free Cash Flow Yield (%)	0.7	1.2	1.4	1.4	1.5

Source: IRCTC & Choice Institutional Equities

Balance Sheet (Consolidated in INR Mn)

Particular	FY25	FY26	FY27E	FY28E	FY29E
Tangible Fixed Assets	8,389	8,765	9,287	9,835	10,443
Goodwill & Intangible Assets	17	37	34	31	28
Investments	-	-	-	-	-
Cash & Cash Equivalents	21,620	28,675	34,604	41,749	48,873
Trade Receivables	17,337	18,816	20,479	23,339	25,879
Other Non-current Assets	2,787	2,829	3,055	3,480	3,859
Other Current Assets	17,843	16,674	19,124	21,310	23,254
Total Assets	**67,994**	**75,795**	**86,582**	**99,743**	**112,335**
Shareholder's funds	36,634	43,085	52,697	61,612	70,408
Minority Interest	-	-	-	-	-
Borrowings	898	807	856	907	963
Trade Payables	10,341	14,023	14,732	16,706	18,474
Other Non-current Liabilities	2,614	2,318	2,428	2,478	2,522
Other Current Liabilities	17,507	15,562	15,869	18,040	19,968
Total Equity & Liabilities	**67,994**	**75,795**	**86,582**	**99,743**	**112,335**

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	8,334	12,730	9,253	13,559	15,490
Cash Flows from Investing	(2,524)	(4,458)	1,597	1,703	1,890
Cash Flows from Financing	(9,098)	(7,875)	(4,921)	(8,117)	(10,256)

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Net Profit Margin (%)	28.1	26.7	24.1	24.8	25.1
Asset turnover	0.7	0.7	0.7	0.7	0.7
Equity multiplier	1.9	1.8	1.6	1.6	1.6
ROE (%)	35.9	32.4	27.3	27.4	26.9

Source: IRCTC & Choice Institutional Equities

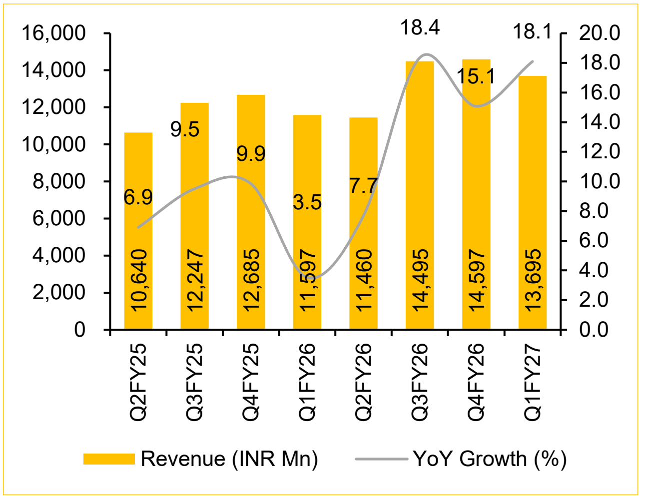
3.2 Sequential Operating Performance

	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Income Statement								
Revenues (INR Mn)	10,640	12,247	12,685	11,597	11,460	14,495	14,597	13,695
Gross Profit (INR Mn)	4,269	4,644	4,600	4,389	4,485	5,151	5,080	4,317
Gross Profit Margin (%)	40.1	37.9	36.3	37.8	39.1	35.5	34.8	*31.5*
EBITDA (INR Mn)	3,728	4,166	3,851	3,974	4,043	4,655	3,989	3,867
EBITDA Margin (%)	35.0	34.0	30.4	34.3	35.3	32.1	27.3	*28.2*
PAT (INR Mn)	3,079	3,410	3,580	3,310	3,421	3,945	3,264	3,302
Basic EPS (INR)	3.9	4.3	4.5	4.1	4.3	4.9	4.1	4.1
Operating Metrics								
Revenue Mix by Segment (%)								
Internet Ticketing	34.9	28.9	29.4	30.9	33.7	27.6	26.7	26.4
Catering	45.0	45.0	41.4	46.8	45.1	45.3	45.6	53.1
Tourism	11.7	18.3	21.6	12.7	13.0	20.0	20.8	12.3
Rail Neer	8.5	7.9	7.6	9.5	8.2	7.1	6.9	8.3
Segment Growth (YoY in %)								
Internet Ticketing	13.3	5.5	8.8	9.0	4.0	13.3	4.8	0.6
Catering	11.7	9.3	-0.3	-2.2	7.8	19.2	26.7	33.9
Tourism	-22.9	14.5	36.1	18.3	20.1	29.3	10.6	13.8
Rail Neer	15.7	15.0	15.7	-0.9	4.3	6.6	4.4	3.1
Segment EBIT Margin (%)								
Internet Ticketing	81.0	84.7	82.4	84.2	84.7	85.2	76.3	80.2
Catering	12.8	12.2	12.2	13.1	12.9	10.4	6.2	9.3
Tourism	-2.4	16.9	18.1	8.7	6.8	19.0	16.2	11.5
Rail Neer	10.0	12.3	12.2	13.9	9.2	14.9	16.1	9.8
Other Metrics (Internet Ticketing)								
UPI Share (%)	46.5	46.9	47.7	48.7	49.8	50.2	61.7	51.2
Convenience Fees (as a % of total)	62.9	71.8	65.0	66.7	65.3	62.4	63.3	68.7
Non-Convenience Fees (as a % of total)	37.1	28.2	35.0	33.3	34.7	37.6	36.7	31.3

Source: IRCTC & Choice Institutional Equities

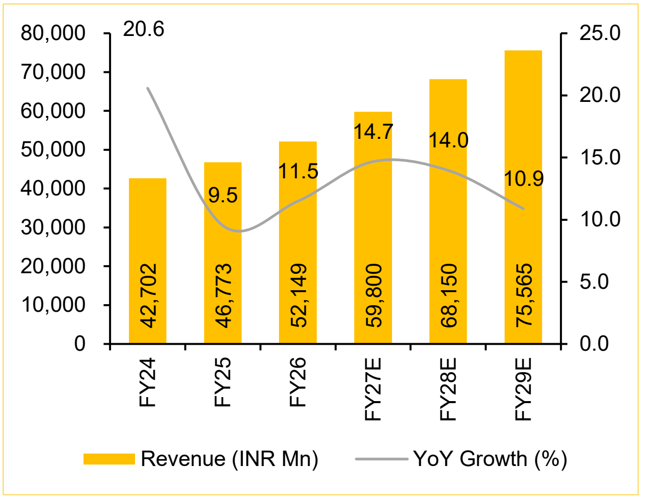
3.3 Graphs & Trends

Strong growth in Revenue in past two quarters



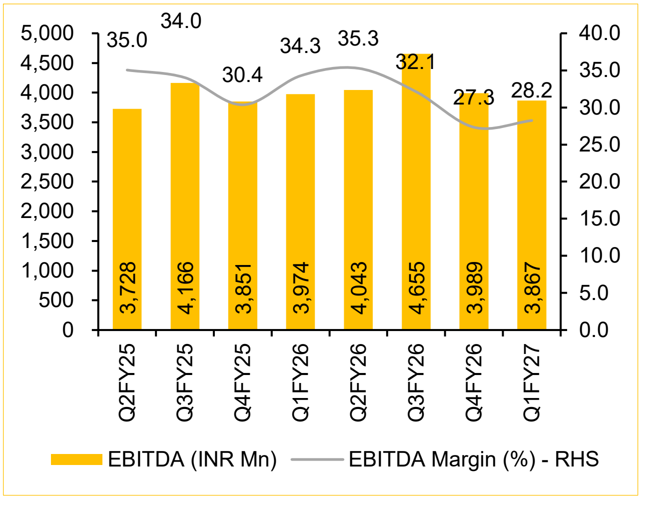
Source: IRCTC, Choice Institutional Equities

FY26–FY29E: Revenue projected to expand at 13.2% CAGR



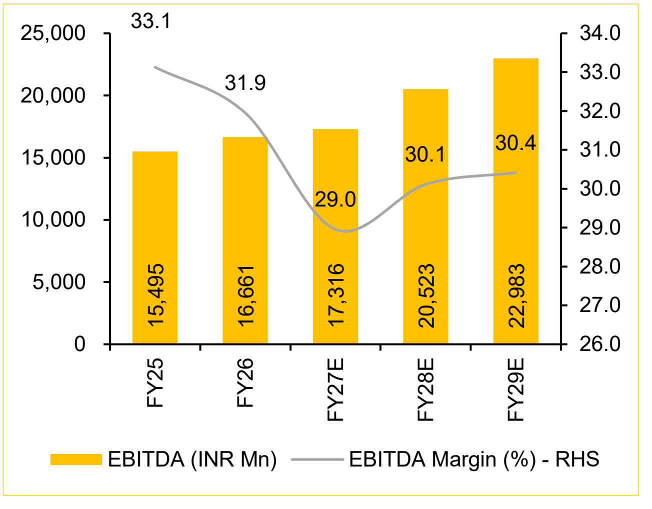
Source: IRCTC, Choice Institutional Equities

EBITDA margin declined to 28.2%



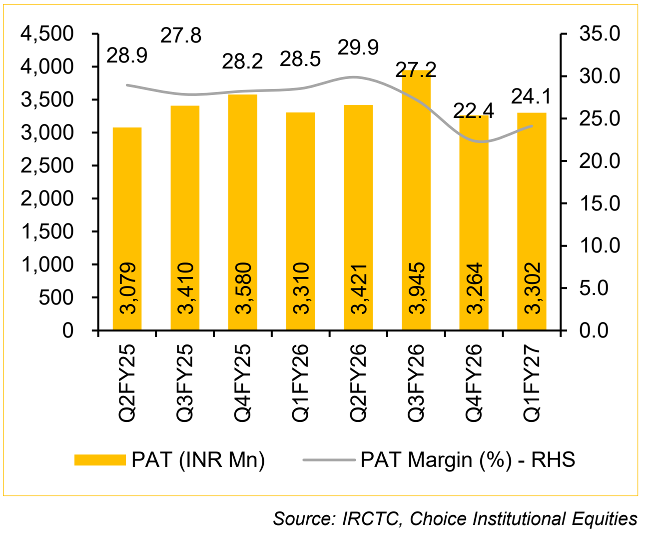
Source: IRCTC, Choice Institutional Equities

EBITDA forecasted to expand at 11.3% CAGR over FY26–FY29E



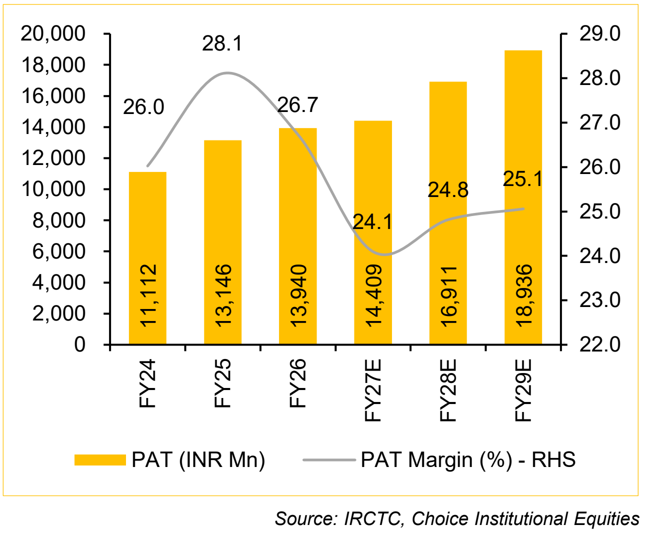
Source: IRCTC, Choice Institutional Equities

PAT margin declined to 24.1%



Source: IRCTC, Choice Institutional Equities

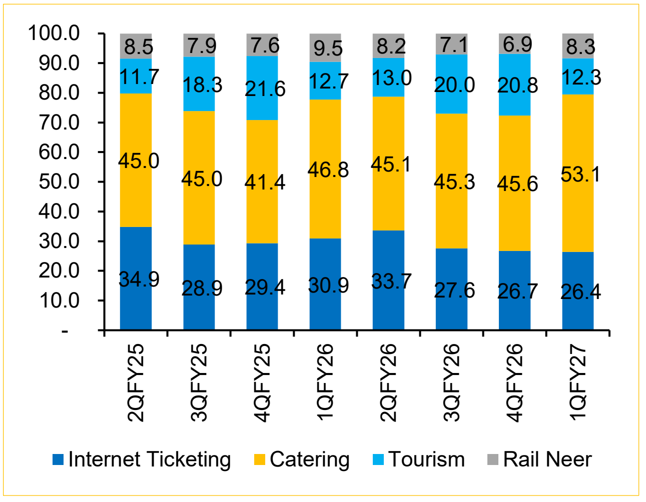
PAT expected to expand at 10.8% CAGR over FY26–FY29E



Source: IRCTC, Choice Institutional Equities

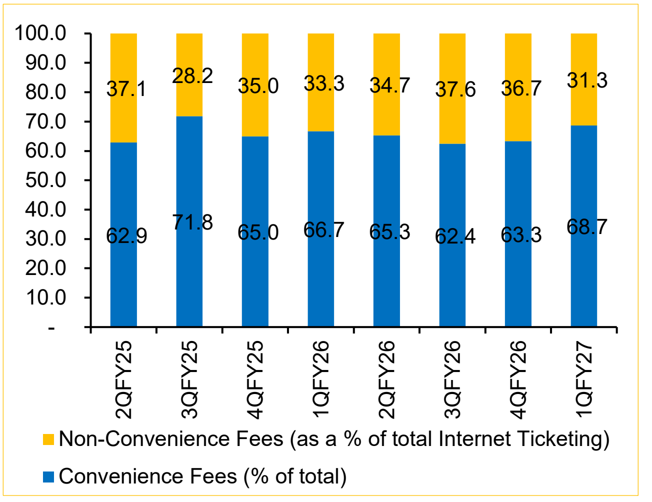
3.3 Graphs & Trends

Catering segment leading the Revenue mix



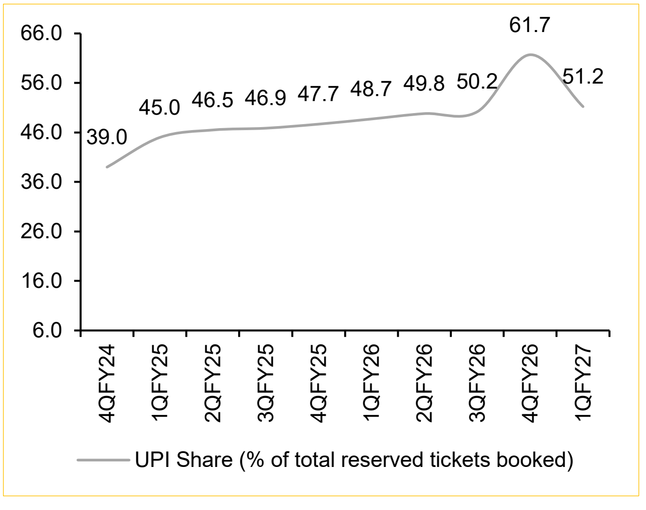
Source: IRCTC, Choice Institutional Equities

Non-convenience fee gradually increasing in the mix



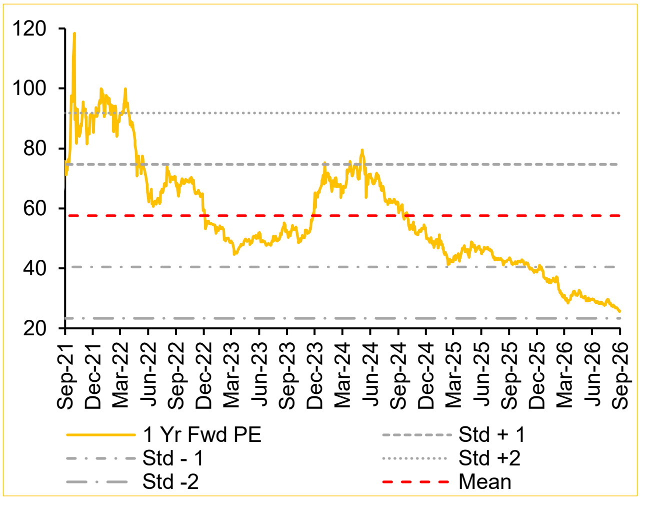
Source: IRCTC, Choice Institutional Equities

Increasing UPI Penetration of reserved tickets booked



Source: IRCTC, Choice Institutional Equities

1-year forward PE trading below it's 5-year mean



Source: IRCTC, Choice Institutional Equities

4.1 Introduction

- Indian Railway Catering and Tourism Corporation (IRCTC) is a government-owned company under Indian Railways and serves as the **exclusive online railway ticketing platform** for reserved train bookings in India.
- It operates as a **near-monopoly** and is the only entity authorised to provide online railway ticketing, catering and packaged drinking water services for Indian Railways. IRCTC also provides a diversified range of travel and hospitality services beyond railway ticketing.
- IRCTC operates its own website and mobile applications and primarily functions through four major business segments:

Catering and Hospitality (46% of Revenue)

Overseeing meal services on trains and at stations, along with the operation of food plazas, refreshment rooms and also includes E-catering.

Travel and Tourism (17% of Revenue)

Provides a diversified range of travel and hospitality services beyond railway ticketing. The business includes rail tour packages, Bharat Gaurav tourist trains, pilgrimage tourism, luxury rail tourism, flight and hotel bookings, bus bookings and holiday packages.

Internet Ticketing (29% of Revenue)

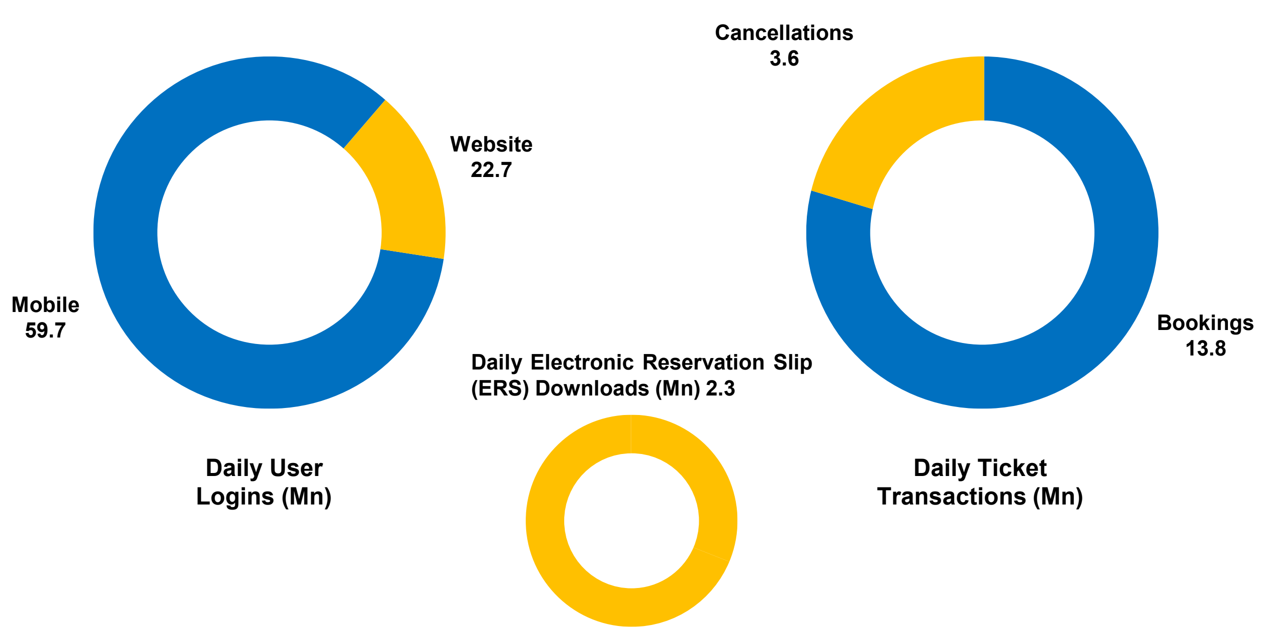
Managing online railway ticket booking through a digital platform which also supports value-added services for passengers.

Packaged Drinking Water (Rail Neer) (7% of Revenue)

Producing and distributing drinking water for passengers through a network of bottling plants.

Source: IRCTC, Choice Institutional Equities

IRCTC's Internet Ticketing Segment's Numbers in Charts



Source: IRCTC, Choice Institutional Equities

4.2 Company History Timeline

1999
- Incorporation of IRCTC as a PSU

2001
- Catering service launched on Shatabdi Express
- Online ticketing started with booking of I-tickets (from 03-Aug 2002)
- First food plaza opened at Pune Junction

2003
- First E-ticket issued
- First Rail Neer plant established at Nangloi, Delhi

2008
- Granted Miniratna status

2010
- Operations began for Maharajas' Express
- Managed ticketing and catering for Commonwealth Games

2011
- Central Kitchen established in Noida

2014
- Catering and Food on Track app launched

2019
- Listed on BSE & NSE
- First corporate Tejas Express (Lucknow–New Delhi) launched

2020
- Second corporate Tejas Express (Ahmedabad–Mumbai Central–Ahmedabad) launched

2022
- Bharat Gaurav Tourist Train launched

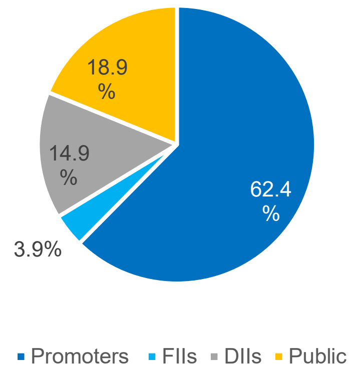
2024
- Aastha Circuit Trains to Ayodhya Dham operated in Jan/Feb 2024
- Achieved Schedule A CPSE status

2025
- Granted Navratna status
- Mahakumbh Gram Tent City initiative

4.3 About the Management

Name	Designation	Qualification	Experience
 **Rahul Himallan**	Chairman & Managing Director	Holds a B.Tech. in Electrical Engineering (Gold Medal) from NIT Hamirpur and a postgraduate degree in Engineering from IIT Delhi	▪ Entrusted with the additional charge of Chairman & Managing Director, IRCTC with effective from Jul-20, 2026, while continuing as Director - Tourism & Marketing ▪ 1999-batch Indian Railway Traffic Service (IRTS) officer with over 26 years of experience across Indian Railways and IRCTC in tourism, commercial operations, IT, infrastructure, HR, and administration
 **Rajneesh Narain**	Director (Finance) & CFO	MBA in Finance	▪ Appointed as Director - Finance on the Board of IRCTC with effect from Jun 15, 2026, and subsequently designated as CFO from 14- Jul-2026 ▪ Finance professional with over 30 years of experience in public sector enterprises, held leadership positions at Southeastern Coalfields Limited (SECL) and Northern Coalfields Limited (NCL) as Director (Finance) & CFO
 **Manoj Kumar**	Director, (Catering Services)	NA	▪ Serves as Director (Catering Services) of IRCTC, responsible for managing on-board and static catering operations, policy implementation, quality control, and passenger service enhancement across Indian Railways. ▪ A 1995-batch Indian Railway Traffic Service (IRTS) officer with over 28 years of experience in operations and commercial management ▪ Previously served as Group General Manager for the North Zone at IRCTC, holding key roles in traffic management and safety

Shareholding and Top 10 shareholders



Name	Holding Stake %
Republic of India	62.40%
Life Insurance Corp of India	10.73%
ICICI Prudential Asset Management Co.	2.77%
Vanguard Group Inc	1.63%
Norges Bank	0.41%
Dimensional Fund Advisors LP	0.26%
Government Pension Investment Fund Japan	0.15%
Franklin Resources Inc	0.11%
UTI Asset Management Co Ltd	0.11%
Axis Pension Fund Management	0.08%

Source: Bloomberg & Choice Institutional Equities

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Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

***Large Cap: More Than INR 20,000 Cr Market Cap**
***Mid & Small Cap: Less Than INR 20,000 Cr Market Cap**

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