Indian Railway Catering & Tourism Corporation Ltd — Nov 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Inline **One-line:** The long-term thesis is intact as IRCTC successfully pivots Catering back to growth (+8% YoY) and expands Ticketing margins to 85%, while a resolution of the Bilaspur plant dispute stabilizes the Rail Neer outlook.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	PAT of □342 Cr (up 11% YoY) and Revenue of □1,146 Cr (up 7.7% YoY) aligned with seasonal expectations.	□
Earnings Quality	High (Core driven)	Performance driven by operational efficiency; □5.8 Cr haulage discount in Tejas is a recurring operational saving, not a one-off.	□
Guidance Confidence	Strong	Management confirmed resolution of Bilaspur plant issues and timeline for Payment Aggregator license (Jan 2026).	□
Management Credibility	Strong	Quantified UPI share (49.8%) and convenience fee (□252 Cr) clearly; provided transparent occupancy for Tejas.	□
Business Quality Signal	Improving	Internet Ticketing EBITDA margins expanded further to 85% (vs 84% in Q1), reinforcing the high-leverage digital moat.	□
Key Q&A Exchange	Q# 1: Growth Strategy	Mgmt emphasized volume-led growth over price hikes to maintain affordability and market dominance.	□
The Street's Primary Anxiety	Catering Stagnation	Analysts focused on Amrit Bharat train potential; mgmt confirmed policy is out for pre-paid models, unlocking higher realizations.	□
Capital Cycle Stage	Harvesting / Expansion	Harvesting Ticketing cash; expanding Rail Neer capacity and launching a "Unified Travel Portal."	□
Margin / Return Ratio Trajectory	Improving	EBITDA margins rose to 35.25% (vs 35.05% YoY) led by the high-margin digital mix.	□
Pricing Power	Stable	Convenience fees are fixed, but the mix shift to AC (50% of tickets) maintains a high Average Selling Price (ASP).	□
FCF Conversion & Quality	Weak	CFO not stated; however, high DSO (100+ days) remains a drag due to □1,548 Cr in receivables (80% from Railways).	□
Competitive Moat Signals	Widening	Online ticketing penetration hit 89.24%; Payment Aggregator subsidiary is now a concrete roadmap.	□
Balance Sheet Strength	Strong	Cash-rich; no debt; subsidiary for Fintech/I-Pay already established.	□
Working Capital Efficiency	Stable	DSO remains high but mgmt is piloting automation/HST linking to speed up bill verification with Railways.	□
Mgmt Guidance Track Record	Reliable	Delivered on the promise to resolve the Bilaspur plant issues and sustained Tourism growth momentum.	□
Key Vulnerability / Red Flag	Receivable Aging	High concentration of debtors (□1,548 Cr) with Indian Railways remains the primary balance sheet risk.	□
Management Tone	Confident	Bullish on the "Unified Portal" and "Payment Aggregator" as the next growth engines.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positives:** The core Internet Ticketing segment is a margin fortress, with EBITDA margins expanding to 85% on 13.55 Cr tickets. Tourism revenue grew 21% YoY with a margin flip from negative to 7% positive, proving Bharat Gaurav and Maharaja Express are scaling efficiently. The Payment Aggregator license application is set for January 2026, marking a significant fintech milestone. * **Negatives:** Receivables remain high at □1,548 Cr, representing over 100 days of revenue, with 80% stuck with the parent (Indian Railways). While Catering returned to 8% YoY growth, Rail Neer growth remains muted at 4.6% as capacity expansions (Bilaspur restart) are only now coming online. * **Street Concern:** Analysts are watching the "Amrit Bharat" rollout. Management's confirmation that pre-paid catering models will apply to these trains suggests a massive future revenue uplift as the fleet scales beyond the current 15 trains. * **Forward Watchpoint:** The transition of the "Unified Travel Portal" to a cross-selling engine for flights/hotels and the final RBI approval for the Payment Aggregator license.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT not available — all numbers sourced from concall transcript.

Metric	Current Qtr (Q2FY26)	YoY Change	QoQ Change (vs Q1)	Trend	Mgmt Commentary
Revenue (□Cr)	1,146.00	+7.71%	-1.21%	→	Steady growth across internet ticketing, catering, and tourism.
EBITDA (□Cr)	404.00	+8.31%	+1.76%	↑	Driven by Ticketing and Tourism margin improvements.
EBITDA Margin %	35.25%	↑ (vs 35.05%)	↑ (vs 34.27%)	↑	Margin expansion via non-convenience ticketing fees and tourism scale.
PAT (□Cr)	342.00	+11.00%	+3.50%	↑	Reflects disciplined cost management and higher interest income.
Ticketing Volume (Cr)	13.55	Not stated	+7.28%	↑	Volume recovery post-seasonality in Q1.
UPI Share %	49.81%	Not stated	+109 bps	↑	Continued migration to UPI from other payment modes.
Convenience Fee (□Cr)	252.00	Not stated	Not stated	First entry	Primary driver of the IT segment revenue.
AC Ticket Mix (%)	49.81%	Not stated	-89 bps	↓	AC: 6.75 Cr; Non-AC: 6.8 Cr.
Debtors (□Cr)	1,548.00	Not stated	Not stated	First entry	80% with Railways; piloting automation to reduce cycle.
Net Debt / (Cash)	(Cash Rich)	→	→	→	Strong liquidity; used for Rail Neer and IT infra.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Internet Ticketing	386.00	+4.0%	85.0%	↑	Much Higher	Non-convenience fee (ads/loyalty) is the growth lever.
Catering	520.00	+8.0%	13.0%	↑	Lower	1,318 trains served; 15 Amrit Bharat trains active.
Tourism	150.00	+21.0%	7.0%	↑	Lower	Flip from negative margin last year; MICE entry.
Rail Neer	91.00	+4.6%	10.0%	→	Lower	Bilaspur plant (72k bottles/day) issue resolved.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Rail Neer	Bilaspur restart and capacity hike to 3 lakh bottles at Danapur/ Ambernath.	Bilaspur adds 72k/day immediately.	Consistent	Moderate
Guidance	Fintech	Submit final Payment Aggregator license app by end-Jan 2026.	Binary event (RBI approval); 6-month window given by RBI.	On-Track	Low
Strategy	Unified Portal	Build a one-stop travel portal to cross-sell hotels/air/rail.	Depends on UI/UX overhaul and AI/ML integration.	New	Low
Strategy	Growth Model	Gain from volume rather than hiking prices (Affordability model).	Validated by 13.55 Cr ticket volumes.	Reliable	Low
Strategy	MICE	Target 8% margin in MICE (Meetings, Incentives, Conferences).	Low asset intensity; needs cluster-based govt partnerships.	Early stage	Low
Balance	Debtors	Link HST (Handheld Terminals) with billing to reduce cycle.	Piloting now; full rollout by end FY27.	Delayed	High

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	5.0	Sucrit Patil / iSight	Strategy	Management Commentary	"What is the bigger plan... to build a lasting edge... that will make your competitors hard to copy?"	Management highlighted two pillars: the Payment Aggregator business (license app in Jan 2026) and a Unified Travel Portal using AI/ML to cross-sell to existing rail customers. Success here would transform IRCTC from a ticket agent into a fintech-enabled OTA, justifying a valuation re-rating.	None	4.0	Clear roadmap
1a	4.0	Sucrit Patil / iSight	Financials	Management Commentary	"How do you make sure the margins stay ahead without slowing down growth?"	Management stated they prioritize volume growth over price hikes, relying on their affordable pricing model (e.g., □14 Rail Neer, □80 meals) to capture massive market share. This confirms a "high volume-low margin" strategy for physical goods, offset by "zero cost-high margin" ticketing.	None	5.0	Specific strategy

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2	4.5	Jinesh Joshi / PL Capital	Catering	Business Overview	"Does the 7% (8% reported) growth in catering include Amrit Bharat and will all be on pre-paid model?"	Management confirmed serving 15 Amrit Bharat trains currently on a post-paid basis, but stated the policy for the pre-paid model is now out and being implemented. The move to pre-paid is a major catalyst as it guarantees revenue per passenger and eliminates collection leakages.	None	4.0	Positive signal
2a	3.5	Jinesh Joshi / PL Capital	Catering	Business Overview	"How many cluster-based contracts are now in P&L at revised prices?"	Management explained the mix of cluster, SBD, and temporary contracts, noting that as older tenures expire, they convert to the more lucrative cluster model. This suggests a gradual, multi-quarter tailwind for catering margins as contract resets continue.	Exact count of resets	3.0	Directional
3	4.0	Rahul Jain /	Financials	Financials	"Give clarity on the exceptional	Management clarified it was a □5.8 Cr	None	5.0	

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		Dolat Capital			item... is it related to the reduction request for haulage?"	discount on haulage charges for Tejas Express granted by Indian Railways, leading to a □3.38 Cr profit for the train. This indicates the Tejas model is now operationally viable post-subsidy, reducing the drag on the Tourism segment.			Specific and quantified
3a	3.5	Rahul Jain / Dolat Capital	Capex	Capex and Allocation	"Any development in terms of what all new capacity we are expecting to getting live in next 12 months for Rail Neer?"	Bilaspur (72k bottles) restarts shortly; Danapur/ Ambernath units are being expanded from 1 lakh to 3 lakh bottles, with 4 more plants planned for next fiscal. This confirms a clear path to volume-led growth in the Rail Neer segment for FY27.	None	5.0	Quantified
4	4.0	Kartik Gada / Multiple Wealth	Financials	Financials	"Debtors are at □1,548 Cr... debtor days are more than 100. What is the strategy	Management admitted 80% is due from Railways and is piloting an automation project to link	None	3.0	Pilot phase

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
					to bring this down?"	Handheld Terminals (HST) for instant bill verification. If successful, this would significantly improve the cash conversion cycle and reduce working capital pressure.			
5	3.5	Harsh Yadav / Dolat Capital	Tourism	Business Overview	"Has the Bharat Gaurav rake been deployed and what is the booking trend for Maharaja Express?"	One more rake was deployed via adding coaches to regular trains; Maharaja Express bookings for next year are already "handsome" and on track for highest-ever levels. This signals strong luxury travel demand and high-margin tourism growth.	Exact booking values	3.0	Directional
5a	3.5	Harsh Yadav / Dolat Capital	Ticketing	Business Overview	"What is the AC, non-AC ticketing mix?"	AC tickets stood at 6.75 Cr and Non-AC at 6.8 Cr (out of 13.55 Cr total). The nearly 50% AC mix is crucial for maintaining higher average convenience	None	5.0	Quantified

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						fees per ticket.			

PATTERN FLAGS & SENTIMENT * **Theme: Fintech Transition.** Analysts are increasingly focused on the Payment Aggregator (PA) license. Management’s tone was definitive about the January 2026 application timeline, signaling that the fintech pivot is moving from "plan" to "execution." This is the primary bridge to a non-rail revenue future. * **Theme: The Railway Receivable.** The elephant in the room remains the □1,548 Cr debtor pile. While management is proposing technological fixes (HST linking), the high concentration with the parent entity remains a structural constraint that analysts appear to accept as a "cost of doing business" with the government. * **Theme: Catering Recovery.** After a dip in Q1, the return to 8% growth and the talk of "Amrit Bharat" pre-paid models has restored confidence. The focus has shifted from "why is growth slowing" to "how big can the pre-paid universe be."

Analyst Sentiment Verdict: Analysts were largely constructive, encouraged by the recovery in Catering and the margin expansion in Ticketing. Management’s transparency regarding Tejas Express profitability and Rail Neer plant restarts addressed prior quarter anxieties. The single unresolved issue is the long lead time for debtor reduction, though the fintech roadmap provides a compelling long-term offset.

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1FY26)	This Quarter (Q2FY26)	Direction
Catering Revenue Growth	-2.15% (YoY)	+8.00% (YoY)	↑
Ticketing EBITDA Margin	84.0%	85.0%	↑
Rail Neer Status	Bilaspur Plant Shut	Issue Resolved; Restarting	↑
Fintech Roadmap	In-principle approval (Aug)	License app by Jan 2026	↑
Tourism Margins	8.7%	7.0% (Stable vs -ve YoY)	→
Tejas Express Status	Unclear haulage cost	Haulage discount secured; Profitable	↑
UPI Adoption	48.72%	49.81%	↑
Amrit Bharat Policy	Pending	Pre-paid model policy out	↑

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