

Corporate Business Plan For FY 2024 - 2028



Table of Content

1	<i>Executive Summary</i>	6
1.1	About IRCTC	6
1.2	Key Business Segments	6
1.3	Vision, Mission and Objectives	7
1.4	IRCTC's Revenue from operations and Profit	8
1.5	Segment-wise Operating Revenue Contribution in FY 22	09
1.6	Summary of Strategic Growth Ideas for all business segments	11
1.7	Revenue Projections for 'Business as usual (current business)'	13
1.8	Revenue Projections for Business after implementation of growth plans	13
2	<i>Current Organization Structure</i>	14
2.1	Organization Structure – Synopsis	16
2.2	Observations on Current Organization Structure	17
3	<i>Business Segment - Internet Ticketing</i>	18
3.1	Overview	18
3.2	Financial Performance of Internet Ticketing	19
3.3	Strength Weakness Opportunity Threats (SWOT)	21
3.4	Key growth drivers for the segment	22
3.5	Internal Objectives in pipeline for next 5 years with 'As Is' Projections	23
3.6	Strategic Growth Plans for Internet Ticketing	24
4	<i>Catering & Hospitality Segment of IRCTC</i>	33
4.1	Segment Overview	33
4.2	Financial Performance (FY 18 – FY 22)	36
4.3	SWOT Analysis Catering Segment	37
4.4	Growth outlook of the market	37
4.5	Growth Ideas for catering to Railway segment	38
4.6	Other Operational recommendations for Catering	41
5	<i>Rail Neer segment of IRCTC</i>	42
5.1	Segment Overview	42
5.2	Financial performance and key statistics (FY 18 – FY 22)	42
5.3	Demand/Supply Gap	44
5.4	SWOT analysis of the Rail Neer segment:	45

5.5	Market of Packaged Drinking Water in India	47
5.6	Key growth drivers for the sector	47
5.7	Strategic Growth Plans for Rail Neer	48
6	<i>Tourism Segment of IRCTC</i>	50
6.1	Overview	50
6.2	Financial performance of Tourism Segment (FY 18 – FY 22)	54
6.3	Strength Weakness Opportunity Threats (SWOT)	56
6.4	Travel & Tourism Market of India	57
6.5	Growth Drivers for Tourism Sector	61
6.6	Strategic Growth Plans for Tourism	63
7	<i>Effective Branding & Marketing strategies for Social Media</i>	74
7.1	Centralization of all Marketing Activities	74
7.2	Optimization of Website and Mobile App user interface	74
7.3	Collaboration with PAN India as well as Regional Influencers	77
7.4	User generated Content:	77
7.5	Impactful marketing strategy and creative content	78
8	<i>Proposed Organization Structure</i>	79
9	<i>Final Revenue Projections for 'Business as usual (As is business)' scenario</i>	81
10	<i>Final Revenue Projections post-implementation of the growth plan</i>	82
11	<i>Assumptions and Segmental Profit & Loss statement</i>	85
11.1	Assumptions for growth plans in Internet Ticketing	85
11.2	Assumptions for growth plans in Catering	88
11.3	Assumptions for growth plans in Rail Neer	90
11.4	Assumptions for growth plans in Tourism	91

Glossary of Terms

CMD	Chairperson and Managing Director
CVO	Chief Vigilance Officer
IT	Internet Ticketing
RNP	Rail Neer project
DCS	Departmental Catering
LCS	Licensee Catering
GHY	Guwahati
LKO	Lucknow
CDG	Chandigarh
PNBE	Patna
BBS	Bhubaneshwar
JP	Jaipur
BPL	Bhopal
ERS	Ernakulum
SBC	Bengaluru
CRM	Chief Regional Manager
GGM	Group General Manager
GM	General Manager
AGM	Additional General Manager
JGM	Joint General Manager
SZ	South Zone
NZ	North Zone
EZ	East Zone
WZ	West Zone
SCZ	South Central Zone
HRD	Human Resources Development
LCC	Low cost airline
IAMAI	Internet and Mobile Association of India
UPI	Unified Payment Interface
PRS	Passenger Reservation System
MPP	Multiple Payment Provider
PGs	Payment Gateway
NGeT	New Generation e-Ticketing
WL	Waitlisted
BAD	Business Assurance Deposit
POS	Point of Sale
COD	Cash on Delivery
QR code	Quick Response Code
TSV	Train Side Vending
IoT	Internet of Things
ML	Machine Language
AI	Artificial Intelligence
ISO	International Organization for Standardization
FSSAI	Food Safety and Standards Authority of India
CFA	Carry & Forwarding Agencies
HHT	HandHeld terminals
USD	United States Dollar

BIS	Bureau of Indian Standards
WTTC	World Travel & Tourism council
CDMO	Contract Development & Manufacturing Organization
PSU	Public Sector Undertaking
SKU	Stock Keeping Unit
PET	Polyethylene Terephthalate
RPET	Recycled Polyethylene Terephthalate
FTR	Full Tariff Rate
POC	Proof of Concept
OPD	Out-Patient Department
IPD	In-Patient Department
EOI	Expression of Interest
SWOT	Strength Weakness Opportunity Threat
RTP	Rail Travel Package
OTA	Online Travel Agency
GST	Goods and Service Tax
App	Application
AR	Augmented Reality
VR	Virtual Reality
MoR	Ministry of Railways
GDP	Gross Domestic Product
TTDI	Travel and Tourism Development Index
IND	Indian National Departures
UTs	Union Territories
GOI	Government of India
PPP	Public Private Partnership
BOT	Build Operate Transfer
CAGR	Compounded Annual Growth Rate
MICE	Meetings, Incentives, Conferences and Exhibitions
B2B	Business to Business
B2C	Business to Customer
MSME	Micro, Small and Medium Enterprises
ERP	Enterprise Resource Planning
UX	User Experience
KPI	Key Performance Indicator
Gen Z	A person born between 1990 and 2010
Millennials	A person born between 1980 and 1990
CTA	Call to Action

1 Executive Summary

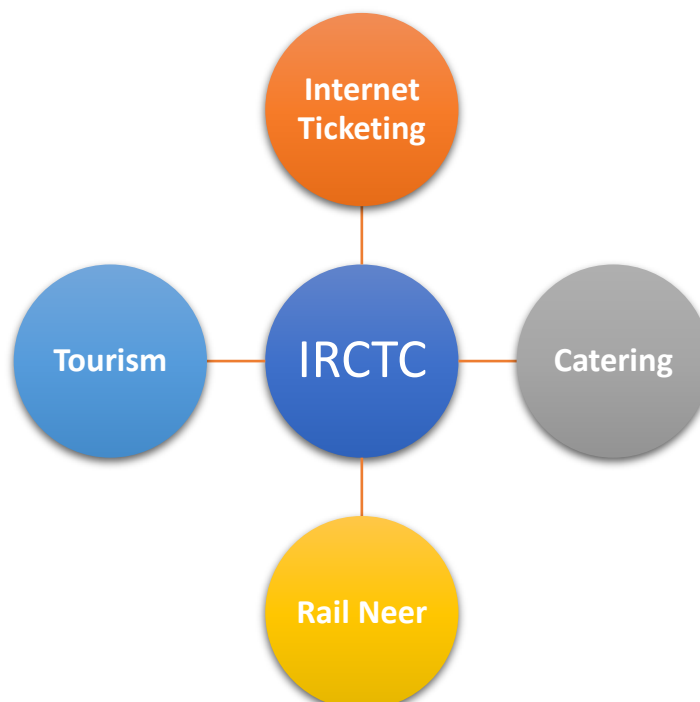
1.1 About IRCTC

Indian Railway Catering & Tourism Corporation (IRCTC) over the years has become more than just a name. IRCTC is now a brand that invokes a feeling of trustworthiness, accountability and quality of service in the minds of people. Capitalizing on the trust factor that the brand has created over the years, the Company now aims to embark on a journey of catering to all sections of people in line with 'Antyodaya'. Fulfilling the promise of 'Antyodaya', the Company aims to provide non-railway related services to citizens of India and adding value to their lives through plethora of products/services such as Homestays, Adventure & eco-tourism, Medical tourism, Mega kitchens, Budget Hotels, Alternate travel options for Waitlisted passengers, Drinking Water for Non-railway section of the country.

Indian Railway Catering and Tourism Corporation (IRCTC), established on 27 September 1999 and headquartered in New Delhi, is a public sector undertaking owned by Govt. of India through Ministry of Railways. IRCTC is a fully own subsidiary of Indian Railways and only entity in India to provide online railway tickets booking services, catering services to railways and deliver packaged drinking water at railway stations & trains and to promote domestic and inbound travel through public private partnership. In 2008, IRCTC was conferred the title of Mini-Ratna (Category I – Public Sector Enterprise) by Government of India. Over the course of its journey, IRCTC has matured and upgraded itself through innovation and technology to establish its strong brand name in the market. IRCTC has a diverse stream of business weaved together to offer a plethora of products/services to the masses.

1.2 Key Business Segments

IRCTC operates through four key business segments:



- **Internet Ticketing**

This segment of the business provides customers internet-based rail ticket booking service through its website www.irctc.co.in and IRCTC Rail Connect Mobile Apps (Android and iOS platform).

- **Catering**

Through this segment, IRCTC provides catering services spread over passenger trains, railway stations, station premises and other ancillary business activities.

- **Rail-Neer**

As a part of passenger amenities, Rail Neer was launched as IRCTC's signature brand of purified packaged drinking water for rail commuters. The key focus of the segment is to continuously expand itself to meet drinking water demand of railway passengers.

- **Tourism**

Through this segment, IRCTC provides Rail based and Non-Rail based domestic, inbound and outbound tourism in India via its range of products & offerings such as tour packages, air ticketing, train tourism related products, etc.

1.3 Vision, Mission and Objectives

Vision

To be the leading provider of high-quality travel, tourism and hospitality related services for a range of customer segments, with consistently high level of customer satisfaction.

Mission

IRCTC to establish itself as a leader in the area(s) of hospitality services , travel and tourism, packaged drinking water, and Internet Ticketing by providing value added products and services for passengers, tourists and other customers, targeting Indian Railways and Non – Indian Railways related services alike, building a resilient business portfolio that is scalable and based on core competence.

Objectives

In constant quest of delighting the customers, the key objectives of IRCTC are:

- To provide high quality catering services directly as well as through network of professionally competitive licensees and franchisees.
- To be a significant player in the hospitality business by catering to Railway and Non-Railway segment
- To provide high quality package drinking water (Rail Neer) to the train passengers as well as establish a market for Rail Neer in Non-railway segment

- To promote domestic, inbound and outbound tourism for Railway as well as non-railway segments
- To provide single window solution to its customers including train travel, road travel, air travel, hospitality, hotel accommodation and catering etc.
- To develop, upgrade and operate hospitality units such as Executive Lounges, Retiring rooms, multi-functional complexes, budget hotels etc. through public private partnership
- To maintain leading position in internet ticketing and exploring other functions related to internet ticketing through innovation and technology
- To promote private sector participation and expertise to improve quality of products and services
- To imbibe strong customer friendly, professional and ethical work culture
- To adopt strong Corporate Governance practices for fair, transparent and ethical business
- To work towards creation of additional infrastructure on Railway or non-railway premises in their mandated line of business with a view to improve the Gross Block.

1.4 IRCTC's Revenue from operations and Profit

In FY 21, the train operations were completely suspended due to Covid'19 imposed lockdown. The travel and tourism sector was the worst impacted due to the pandemic as the people could not travel. This impacted all the business segments of IRCTC which accounts for the drop in the revenue and PAT of FY 21. The economy started opening up in a phased manner in FY 22 due to which Revenue from Operations and PAT in FY 22 witnessed a healthy rebound. It is estimated that the travel & tourism sector of India will reach the Pre-pandemic level by 2024. In FY 22, IRCTC registered 142% Y-o-Y revenue growth while the PAT grew at 254.87% Y-o-Y.

The Revenue from Operations clocked a CAGR of 6.31% between FY 18 – FY 22 while the PAT for the same period registered a CAGR of approx 32%.

Figure 1: Revenue from Operations (FY 18 - 22)

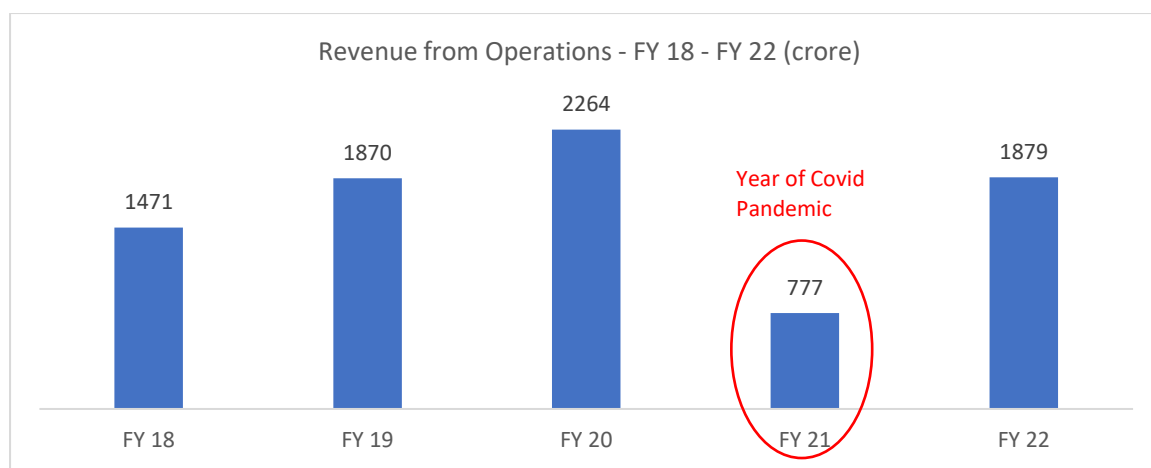
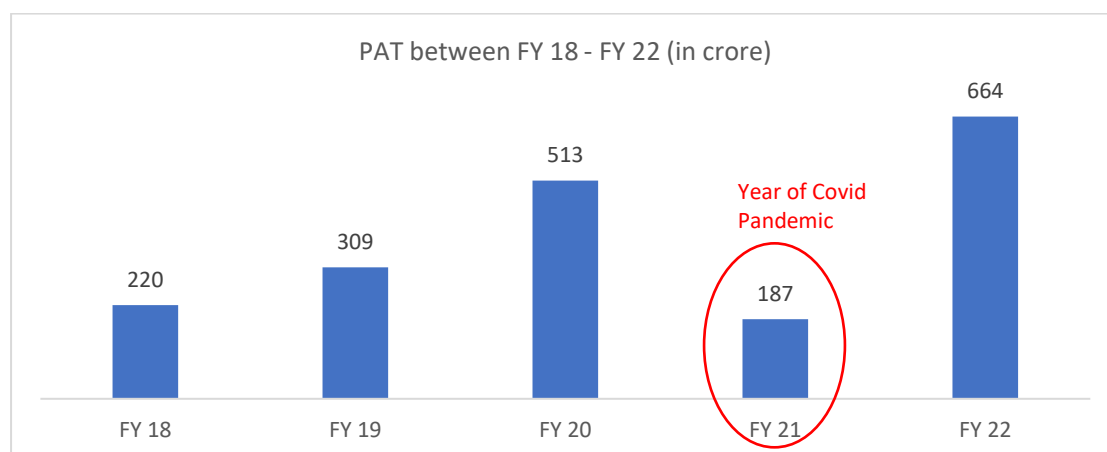


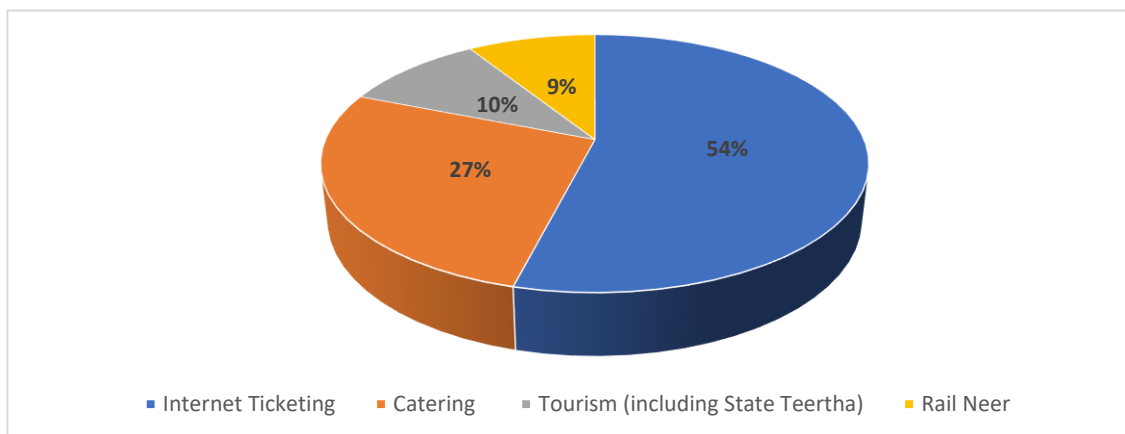
Figure 2: PAT (FY 18 – 22)



1.5 Segment-wise Operating Revenue Contribution in FY 22

Internet ticketing held the lion's share in the overall revenue generation of the company with 54% coming from this business segment alone. Catering services contributed to 27% of the overall revenue of the company in FY 22.

Figure 3: Segment-wise Revenue Contribution in FY 22



Though internet ticketing is the biggest contributor to the company's overall revenue generation, however the segment has already achieved 81% penetration and is now in the maturity stage.

Overall, IRCTC has grown at a healthy CAGR since 2017, but there are factors related to diversification that IRCTC will have to consider in order to grow its revenues further. Key issues that can negatively impact IRCTC in future are:

- IRCTC's business has a huge dependency on Indian Railways for its revenue. Any unpredictable policy change can impact IRCTC's revenues negatively as also evident in the past through Catering Policy Changes.
- Internet Ticketing has already reached the maturity phase with nearly 80% penetration in the market. With this saturation level, there is very limited room to grow from here.
- The Catering business that contributed to 27% of total revenue in FY 22, has been constantly growing the no. of meals deliveries through e-catering. However, in peak seasons such as holidays, festivals, etc., meal delivery related challenges surface in train due to high volume of orders.
- IRCTC has a diverse portfolio of tourism & hospitality products spanning across land, rail, air and water-based tourism. IRCTC has a good level of penetration in mass tourism / religious tourism which is generally availed by senior age group, however it lacks popularity with the younger demographics aged between 18 – 39 years of age.
- IRCTC, with current capacity, is able to meet approx.. 70% of the railway demand of packaged drinking water and needs more plants (which are already in the pipeline) to fulfil this requirement first before exploring any other opportunity.
- Though IRCTC has a diverse stream of business and has a multitude of offerings in tourism sector, however it is still positioned in people's mind as rail based company. The Branding of the Company is not effective enough to position it as a tourism company.

IRCTC needs a strategic roadmap aligned with the above listed challenges to help company fare forward and explore newer options of growth in newer markets segments to increase its revenue sources through market diversification.

1.6 Summary of Strategic Growth Ideas for all business segments

a) Internet Ticketing

Generation of fintech revenue through monetization of the Payment Gateway – Ipay

IPay is IRCTC's own online Payment gateway which is currently used for IRCTC's in house products. However, its integration with the digital platforms of other organizations on aggregate mode has potential to open new source of fintech based revenue for the company. This is in line with the vision of Govt. of India to make country a cashless and digital economy.

Advertisement based revenue from digital content streaming inside the train

With 80% level of saturation in online ticketing segment, IRCTC must explore generating Advertising based revenue integrating the 'in-train' digital entertainment experience for the passengers. IRCTC is privately operating the trains in tourist & corporate circuits that can be used to earn advertisement-based revenue from Digital streaming of the curated content.

Alternate Travel Options to dropped Waitlisted Passengers

The plan aims to capture the passenger segment which gets dropped due to waitlisting and is quite a sizable number. As a step towards providing distress inventory, enhancing passenger experience and eyeing the revenue of an untargeted segment so far, it must be attempted for unlocking new revenues in the segment.

Revenue through Development of booking engines for other organizations

IRCTC is a mature player in operating its own online booking engines for a gamut of products such as airticketing, train ticketing, tourism. IRCTC's years of domain experience in development and management of online booking engines for self should be monetized by extending the service to other organizations.

b) Catering

Setting up cloud kitchens in or outside the Railway premises

To meet growing demand of meals in the train through e-catering, IRCTC would need to develop cloud kitchen infrastructure at railway premises or outside railway premises. To address the meal delivery challenges, IRCTC could develop delivery hubs in the railway premises. This plan would augment IRCTC's meal processing and delivery capacity which will translate into revenue generation.

Ordering meals in train using QR code on berths

Installation of QR codes on berths will result into a greater number of passengers scanning it through mobile to order online food. Volume of online orders will go up and these meals can be prepared in the base kitchen (in case order is directly placed to the base kitchen) or aggregated at the delivery hub (in case order is placed to outside food vendor). Once ready, food will be delivered to the customer.

Setting up mega kitchens/base kitchens to cater to non-Railway based market

IRCTC has a vast experience of handling meal processing and delivery of millions of people travelling through Indian railways. IRCTC must leverage the strength to fare into non-rail-based catering market to diversify its revenue stream owing to the fact that the overall food service and online delivery sector of India has been on rise due to change in the lifestyle and rising disposable income of the people.

c) Tourism

Collaborating with State Tourism boards to operate & manage properties under them in PPP model

State Board Tourism owns several properties which are located in the most scenic locations but are neither well managed nor well marketed. Several of these properties are located away from the hustle bustle of life capable of giving travellers a serene and peaceful experience. The plan holds value as there will be no requirement of land investment.

Diversification of hospitality product portfolio with alternate accommodation such as Homestays & Service Apartments

This is a niche segment of the hospitality market which has been growing aggressively since the last 5 – 7 years and especially after the pandemic. This kind of accommodation has a great popularity with people in the younger age group and families. The plan will expand the IRCTC's product mix in the hospitality segment and attract a new generation of users to IRCTC's offerings.

Target the younger demographics with highest disposable income (18 – 39 years age group) through Eco and Adventure Tourism

Younger demographics is the one with the highest smartphone usage as well as disposable income and their travel behaviour indicates that they like Eco-based Adventure tourism that gives them freedom of spirit, sense of fulfilment and experience that they can share on Social Media. IRCTC must focus on this section of demographics through boutique/curated packages in Eco & Adventure segments.

Offer Customized Self-booking B2B Travel portal to Private Sector Companies to capitalize on the growing business travel Market

Post Covid, the business travel segment has shown a remarkable recovery with 88% y-o-y growth between April to November 2022 as compared to the same period in the preceding year. A customized self-booking travel portal for air ticketing, train ticketing, hotel booking and other ancillary bookings for private corporates would help increase penetration into the private market. The segment already has presence from the other notable competitors of IRCTC such as MakeMyTrip, Oyo, Thomas Cook.

Development of Budget Hotels on PAN India basis on PPP model

Owing to the growing tourism in the country and prospects of the industry, IRCTC aspires to create an asset of budget hotels on PPP model across India catering to public tourism requirements. The segment can be expanded Y-o-Y for gradual and organic growth over the course of time.

Establishing and expanding Medical tourism portfolio

On account of Govt. focus on making India an attractive hub for Medical tourism across the world, IRCTC on an aggregator model would tie up with the service providers in the field to establish and grow in Medical tourism.

d) Rail-Neer

Sale of Packaged drinking water and Mineral water to Non-rail-based market after fulfilling drinking water demand of Railway passengers

The current focus of IRCTC is towards meeting 100% demand of packaged drinking water in Railways through capex and capacity enhancement. Once the current demand & the projected drinking water

in Railways has been met, IRCTC should diversify by entering the outside market with rebranding of the product. The demand of Purified & Packaged drinking water will rise even in the middleclass households due to focus on need of safe drinking water. The tourism market post pandemic has been picking up momentum and is expected to reach pre-pandemic levels by 2024. With growth in tourism, the packaged drinking water demand will also go up.

1.7 Revenue Projections for ‘Business as usual (current business)’

The total revenue of IRCTC should grow at a CAGR of 9.4% between FY 24 & FY 28 considering ‘Business as usual’ scenario’

Vis-à-vis the operating profit should also grow at a CAGR of 9.4% between the same period considering ‘Business as usual’ scenario’.

Revenue Projections in ‘Business As usual’					
Particulars	2023-24	2024-25	2025-26	2026-27	2027-28
Revenue (₹ INR crore)	2,814	3,053	3,298	3,681	4,031
Operating Profit (₹ INR crore)	1,042	1,151	1,263	1,384	1,533

1.8 Revenue Projections for Business after implementation of growth plans

The total revenue of IRCTC should grow at a CAGR of 21% between FY 24 & FY 28 post implementation of the growth plan.

Vis-à-vis the operating profit should grow at a CAGR of 17.62% between the same period post implementation of the growth plan.

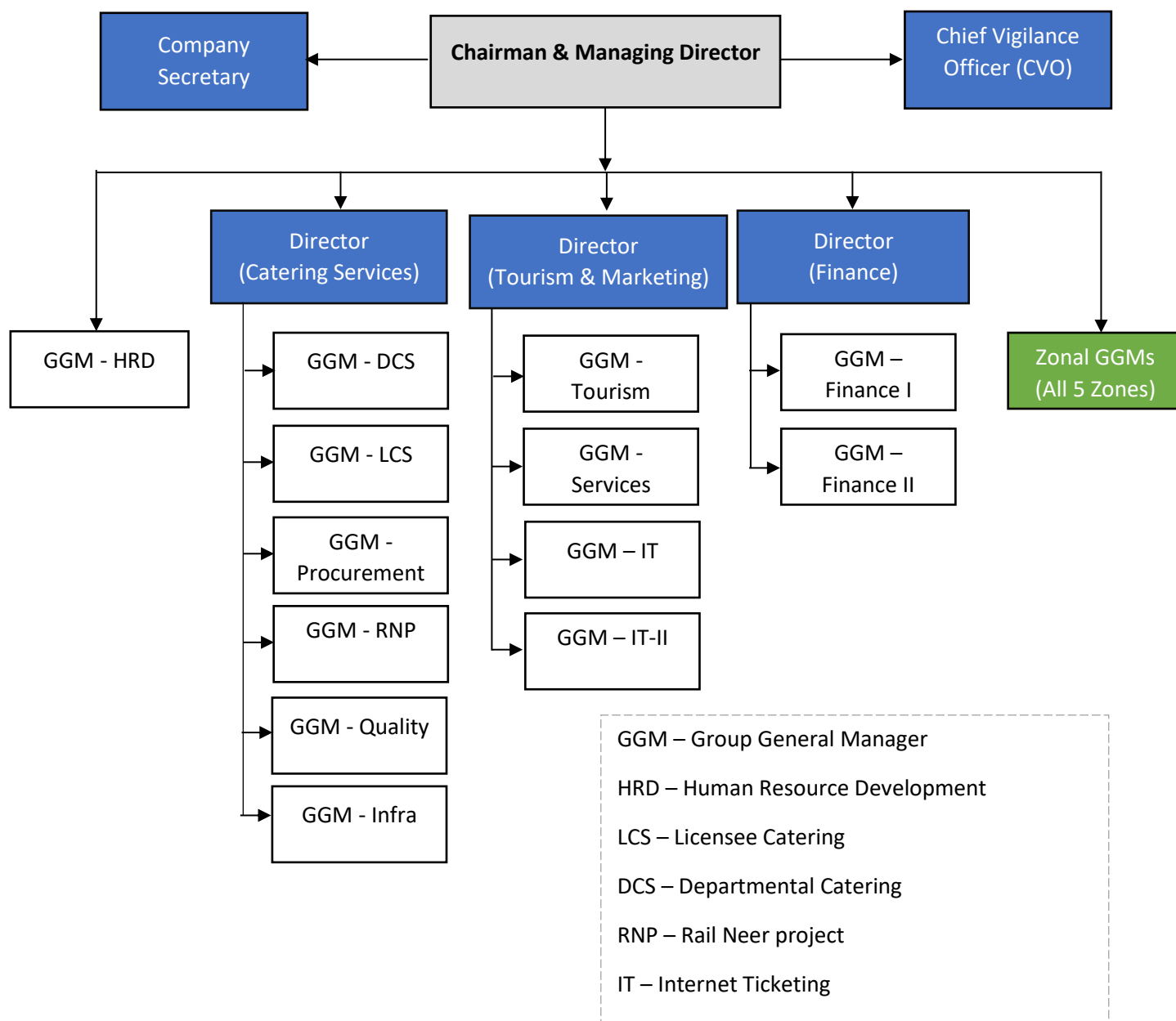
Revenue Projections in ‘business after growth plan implementation’					
Particulars	2023-24	2024-25	2025-26	2026-27	2027-28
Revenue (₹ INR crore)	3,677	4,485	5,478	6,705	7,825
Operating profit (₹ INR crore)	1,103	1,291	1,536	1,800	2,111

(This includes “Business as Usual” plus “business after implementation of growth plan”)

2 Current Organization Structure

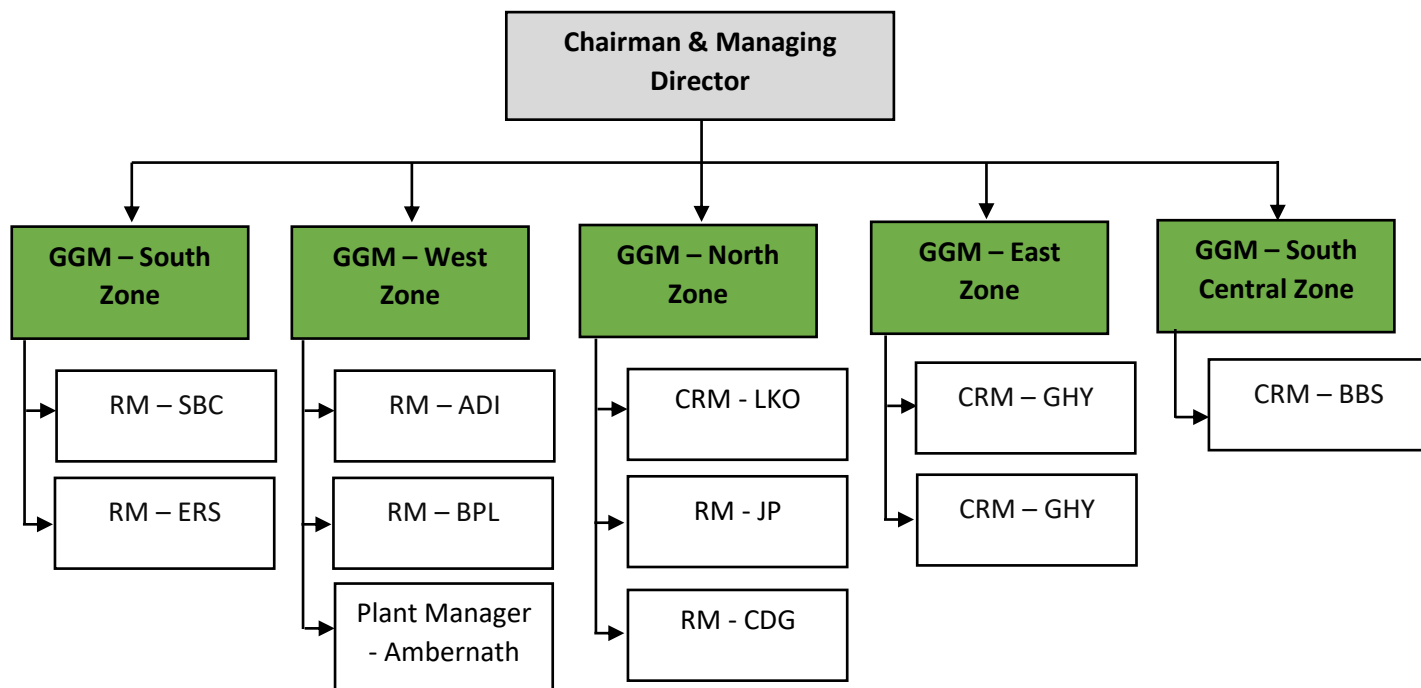
Corporate Structure

Figure 4: Organization Structure - Corporate Level



Zonal Structure

Figure 5: Organization Structure - Zonal Level



- | | | |
|--------------------------------|--------------------|----------------------|
| • CRM – Chief Regional Manager | • WZ – West Zone | • LKO – Lucknow |
| • RM – Regional Manager | • BPL – Bhopal | • PNBE – Patna |
| • SBC – Bengaluru | • JP – Jaipur | • GHY – Guwahati |
| • ERS – Ernakulum | • CDG – Chandigarh | • BBS - Bhubaneshwar |

2.1 Organization Structure – Synopsis

The organization is spearheaded by the Chairman and Managing Director (CMD), who oversees and manages the overall operations of the company. At a broader level, the organization structure is bifurcated into two – Corporate and Zonal

Corporate level:

- Corporate level is responsible for planning the company operations, formulating strategies and overseeing the execution of those strategies in coordination with the zonal teams. The Plans and strategies provided by the corporate level are further executed at Zonal level through day-to-day operations. IRCTC operations are run by coordination between Corporate level and Zonal level team with leadership from the Directors who directly align into the CMD - IRCTC
- Corporate level is headed by three Directors – Director Catering Services, Director Tourism & Marketing and Director Finance. They are a part of the Board of Directors of the Company and report into the Chairman and Managing Director.
 - ‘Director - Catering Services’ oversees the business segments for Departmental Catering Services, Licensee Catering, Procurement, Rail Neer, Quality and Budget Hotel Infrastructure. These segments are handled by respective Group General Managers who in turn report into Director – Catering services.
 - ‘Director - Tourism & Marketing’ oversees the business segments for Tourism, Air-ticketing and Internet Ticketing. Each of these segments is managed by Group General Managers who report into Director – Tourism & Marketing
 - Director – Finance oversees the overall Finance related operations of the Company. The two General Managers in Finance report directly into the Director – Finance.
- Below the Group General Manager Level, each vertical is further sub-managed by the team of General Managers (GMs), Additional General Managers (AGMs) and Joint General Managers (JGMs).
- Group General Manager – HRD directly reports into the CMD - IRCTC

Zonal Level:

- At zonal level, IRCTC operates in five different zones – North, South, East, West & South Central.

- Operations at Zonal level are catapulted by the Group General Managers of all five zones respectively, on the blueprint of the Plans & strategies shared by the corporate team.
- Group General Managers at Zonal level directly report into the Chairman and Managing Director – IRCTC unlike the GGM's at corporate level.
- The GGM's manage the zonal operations in collaboration with their team of Chief Regional Managers, and Regional Managers.

2.2 Observations on Current Organization Structure

- GGM – HRD is directly reporting into CMD – IRCTC. For better corporate governance, a Director level post can be created under which Shared services such as HRD can be aligned.
- At present, there is no post to handle the corporate communications of the Company which is of great requirement for IRCTC.
- Under 'Director – Tourism & Marketing', there are portfolios such as IT & IT/Projects which ideally should be a different vertical altogether owing to its technical nature and expertise required.
- In certain functions, personnel recruited lacks the domain specific knowledge which causes operational challenges within the function. Holding the domain knowledge should be a key parameter for recruitment. Upskilling & Training should be imparted to the personnel to build their domain knowledge for better execution of their deliveries.

3 Business Segment - Internet Ticketing

3.1 Overview

IRCTC enjoys sole leadership in the market for internet ticketing of Indian Railways through its website and Mobile App – Rail Connect and. In FY 22, Internet Ticketing contributed to 54% of the total revenue of the Company. IRCTC's website is the most highly transacted website in Asia Pacific region with more than 34.5 million transaction volume per month and 6.27 million logins per day. 11.44 lakh tickets per day on an average were booked through IRCTC's website and Mobile app in FY22. 46% of the total tickets booked online were from IRCTC's Rail Connect Mobile App alone.

With the launch of NGeT e-ticketing interface, the ticket booking has increased from 7200 tickets per minute in 2014 to 26000 ticket per minute in FY 22.

Figure 6: Online ticketing penetration FY 18 - 22

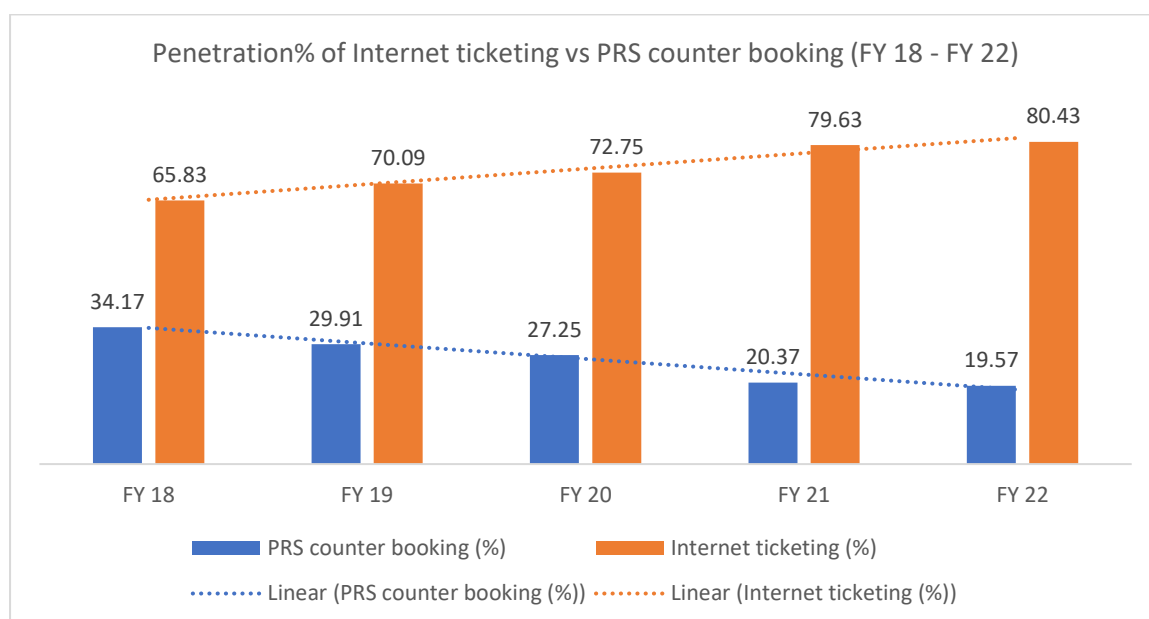
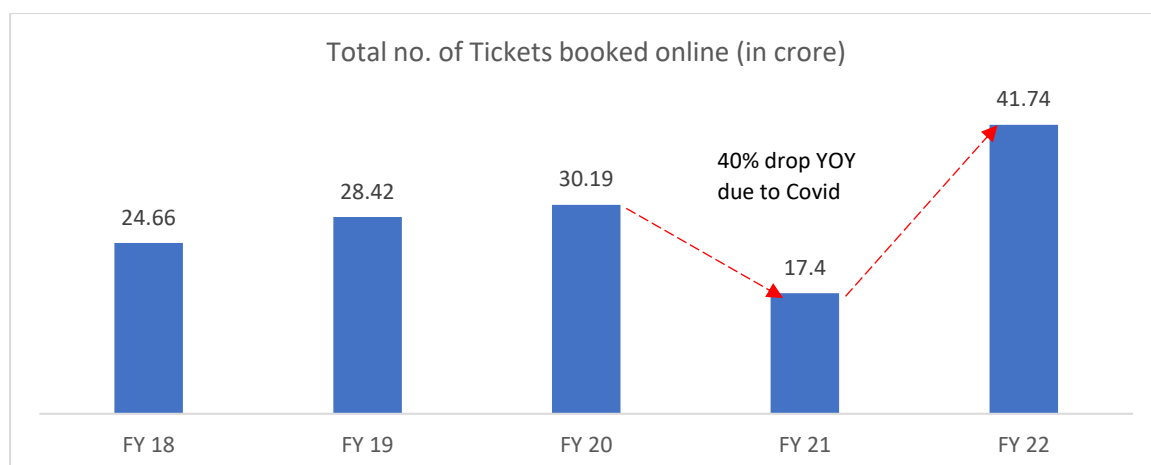


Figure 7: Growth in Number of Online ticket bookings - FY 18 - 22

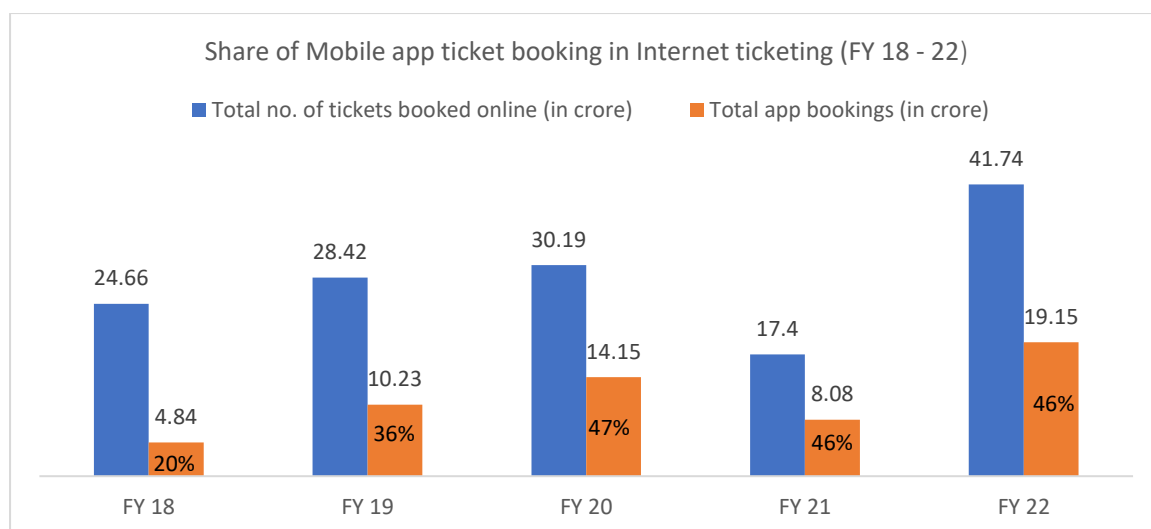


In FY 22, around 80.43% of the total bookings were made online and contributed towards 54% of the overall revenue generation of IRCTC. 4174 lakh tickets were sold online which is 140% of FY 21. The growth of the segment has in mature stages and slowly approaching the stability.

Share of Mobile App in Internet Ticketing

IRCTC's allows users to book tickets online using mobile app – Rail Connect. In FY 22, total average mobile ticket booking was 5.25 Lakh per day. There are a total of 7.81 Crore downloads of the Mobile App. Daily Mobile Logins are 43.45 Lakhs.

Figure 8: Share of Mobile App ticket booking in IT



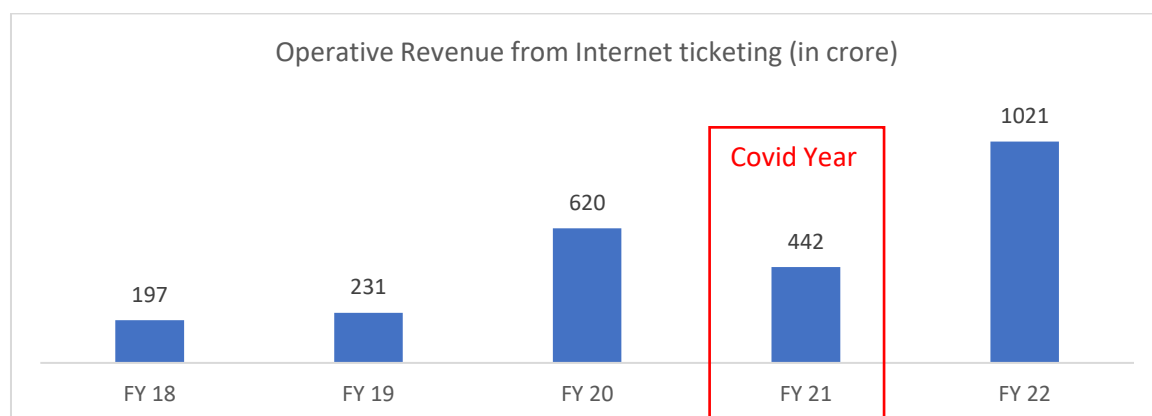
3.2 Financial Performance of Internet Ticketing

FY 21 witnessed a significant drop in the revenue and profits due to massive travel restrictions PAN India on account of Covid however a healthy growth was back in FY 22.

Segmental Operative Revenue (FY 18 – FY 22)

Internet Ticketing generated the operative revenue of 1021 crore in FY 22. There was a sharp fall in revenue in FY 21 due to Covid imposed lockdown and subsequent travel restrictions. However, the travel opened up for masses in a phased manner in FY 22 resulting into 127% YoY rebound in the Operative Revenue. Internet ticketing generates revenue from Sale of train tickets online and through convenience fee. Service charges levied by IRCTC earlier on AC & Non-AC ticket bookings were withdrawn by Ministry of Railways in 2016 for promotion of digital transactions. Effective September 2019, IRCTC started collection of Convenience fee on e-ticket bookings. In FY 22, IRCTC collected ₹ 694 crore in convenience fee which is 68% of the Internet Ticketing's total Operative Revenue.

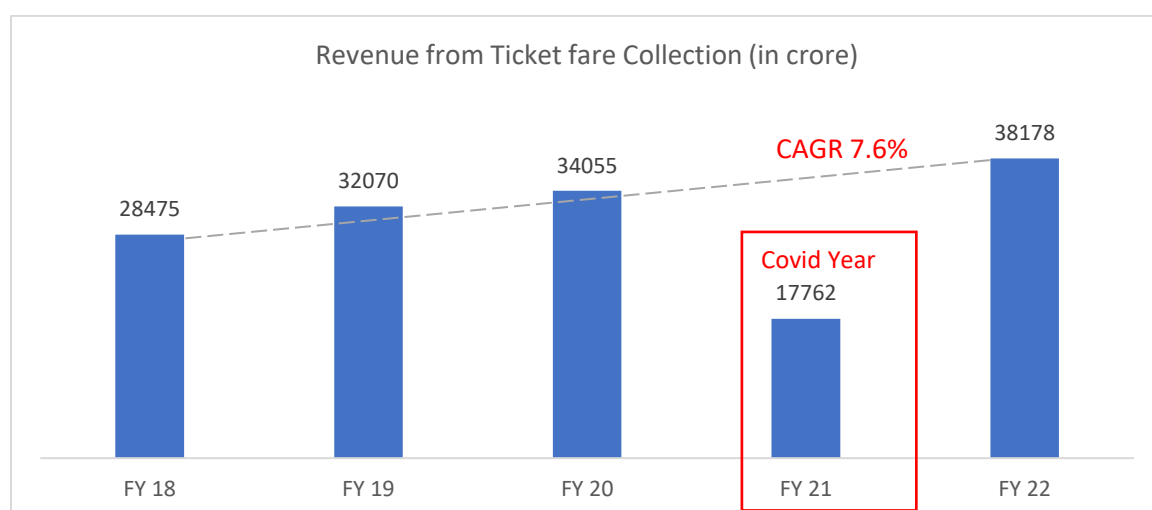
Figure 9: Revenue Growth in IT - FY 18 - 22



Revenue from Ticket fare Collection (FY 18 – FY 22):

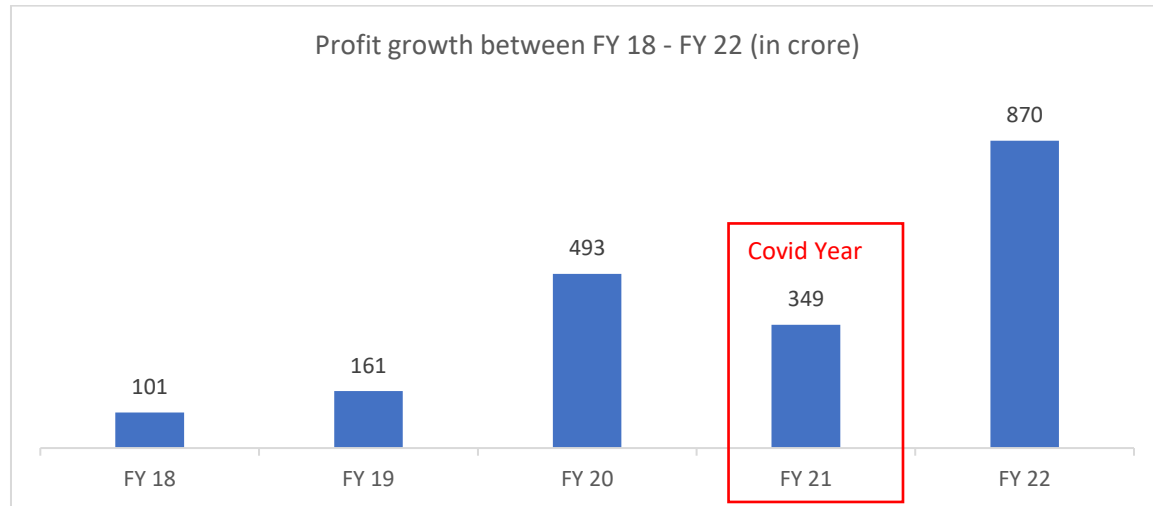
The revenue from ticket fare collection has grown at a CAGR of 7.6% for FY 18 – FY 22.

Figure 10: Revenue from Ticket fare collection (FY 18 - 22)



Profit from Internet Ticketing (FY 18 – FY 22)

Figure 11: Profit growth from IT (FY18 - 22)



3.3 Strength Weakness Opportunity Threats (SWOT)

Strength

- IRCTC has market monopoly in the segment of Internet ticketing of rail tickets. It is the only authority in India authorized by Indian Railways to provide online ticket booking services through its Website and Rail Connect mobile application. This is huge strength for IRCTC as there are no competitors for IRCTC in the segment of online ticketing.
- The next generation e-ticketing (NGET) system has enhanced the overall user experience of online ticket booking which has resulted into increasing the customer database of IRCTC. This is evident in the fact that online ticket booking has grown manifold from 7,200 per minute in 2014 to 26,000 per minute, as on March 31, 2022.
- IRCTC's strong digital legacy in terms of its own payment gateway iPay and AI based chatbot Ask Disha presents it the opportunity to diversify into fintech domain through tie-ups and partnerships.
- IRCTC's website and mobile app is its biggest digital asset that generates extremely powerful reservoir of customer data that can assist IRCTC and other institutions opportunity to create demographic, behaviour, spend-info based customised products/services for the customers.

Weakness

- There are instances where users face latency issues during e-ticket booking through website and app such as failed transactions or ticket not booked but payment success, delayed refund. These result to negative customer experience and poor word of mouth in the market.

- Low branding and less awareness in people about new initiatives and new offering launched
- Less user-friendly interface on Website and Mobile app as compared to competitors with latency issues, payment failures and delay in processing refunds.

Opportunity

- The burgeoning population of India which is estimated to touch 1.42 billion in 2026 from 1.36 billion in 2021, presents a large segment of potential customers that IRCTC can target.
- The massive customer database that IRCTC possesses provides solid opportunity to IRCTC to create value added services and cross-selling services/products through its platforms.
- IRCTC's experience in e-ticketing segment and digital legacy in the form of iPay/Ask Disha Chatbot/website/Mobile app create opportunities for it to partner with other institutions to share its digital legacy.
- Data spend of millions of users using IRCTC's website and app
- Enhanced opportunity for revenue generation through advertising.
- Soaring airfare from LCC's post Covid may make travellers prefer railways for their travel.

Threats:

- IRCTC holds spend data of millions of people using its website & App on a daily basis. There is a risk of data privacy breach or threat of cybersecurity to this data which can negatively impact company's reputations.
- At nearly 80.4%, Internet ticketing has reached the maturity in term of penetration and has only a little room to grow from here.

3.4 Key growth drivers for the segment

Continuous expansion of India Railways Network and focus on making India Railways Future-ready by 2030. More passengers will book tickets and travel.

Growth of internet users in India by 2025: As per a report published by Internet and Mobile Association of India (IAMAI) titled 'Internet in India', at present there are around 692 million internet users in India which is estimated to become 900 million in India by 2025. At present, 346 million Indian users are already engaged in making online transactions including digital payments. This coupled with the fact that IRCTC has 8 crore registered active users for online reserved rail tickets as on 31st March, 2022 presents IRCTC a great opportunity to establish ecommerce services through its digital asset.

Growth in Digital Payments: In past five years, India's digital payment volume has seen an average annual growth of about 50 percent. Growth for individual digital payment users is set to triple in five years to 750 million. The digital payments industry will more than triple to \$10 trillion by 2026 from

the existing \$3 trillion today. Non-cash payments in India will constitute nearly 65 per cent of all payments by 2026, up from 40 per cent today, and almost 75 per cent of people will use India's unified payment interface (UPI) in the next five years, up from the existing 35 per cent.

3.5 Internal Objectives in pipeline for next 5 years with 'As Is' Projections

A. Enhancement & Improvisation of IRCTC e-Ticketing System:

The underlisted objectives to enhance customer experience and satisfaction by way of developing new improvised solutions are planned by the organization:

1. Comprehensive Travel solutions:

IRCTC envisions to develop a platform to provide all the train related needs of the train passengers at one place on an end-to-end mode. This will entail creating in-house capability of the IT enabled Service Management as well as identifying and building partnerships with industry. Adding such value to the customer will entail a different infrastructure approach which supports agile application development as well as data driven approach leveraging AI/ML technologies.

A public cloud platform will be essential to make this vision a reality. IRCTC has initiated exploring MeitY empanelled public cloud for the e-ticketing services as a part of the new refresh of the system. Proof-of-Concept keeping in the special use case of IRCTC e-ticketing units with respect to the legacy system of PRS is being explored. In the coming 2 years, the approach will be finalized to move from the on premise, tightly coupled, vendor looked in service from a scalable, open source, cost effective public cloud based, designed to utilize the state-of-the art cutting edge technology available in the industry. This will help in the seamless integration of AI/ML to provide customized services to the customers.

2. Brand Monitoring and BOT Protection Services:

- a. **By adopting and adapting the security from industry best practice** – Security of the innovative technology as in AI/ML based Bots has always been on threat from the attackers. IRCTC is and is working to introduce the best tech acumen in this field.
- b. **Startups** – India is fast growing economy with the increasing self-sufficiency in the world of technology. IRCTC will provide the best possible leverage to the new Start-ups required for its growth in innovative technology-based payments solutions.
- c. **Continuous improvement of the approaches** – IRCTC is consistently working towards improving its approach towards the touting activities, usage of scripting/automated tools for gaining undue advantage for booking reserved rail e-ticket on IRCTC platform etc., using dynamic AI/ML technology. Further, IRCTC is proactively watching the Modus

Operandi of touts and miscreants and has been taking appropriate steps at the system level to mitigate and restrict such unfair e-ticket bookings so that genuine public is benefitted. Cyber threats are a matter of high mitigation priority. We shall also adopt the technology as per the demand and security of the market.

3. Comprehensive Payment Solution:

Initially IRCTC had integrated various Banks on its e-ticketing platform for enabling multiple payment modes viz. Credit/Debit Card, Net Banking to the customers for booking online reserved train tickets. Subsequently, over a period, in order to do away with individual banks integrations, IRCTC has started integrating Multiple Payment Providers/ Payment Aggregators for providing more new payment modes like Wallets, BHIM/UPI, Scan & Pay, Pay Later, EMI, AutoPay, etc. However, the pain point is the excessive time consumption for integrations of Payment Providers. To address all the payment related concerns like current experience of payment failures, cumbersome task of integrating various payment service providers and delays in refunds by payment providers/banks, IRCTC has been on the lookout for a comprehensive and innovative single point payment solution capturing all these aspects as an orchestration layer to be integrated with CRIS and then the orchestration layer will do the integration of other PGs. While exploring for a comprehensive solution, IRCTC has come across with such payment solutions being provided by some service providers which serves online merchants by handling full stack payments solutions across various payment methods available in India. In this payment solution, the user will be facilitated with a consolidated payment mode of multiple MPPs (Multiple Payment Providers) on a single page of service provider.

4. Cloud based E-Ticketing: -

Ministry of Electronics and IT has mandated for a cloud first policy to be followed by the PSUs and Government organisations to take the benefit of cloud technology for improved service delivery. Accordingly, as per the directions of the Railway Ministry IRCTC has started exploring cloud in its upgradation effort being underway. The global technology architecture of the Cloud is making it possible to deliver benefits and value including elasticity, cost advantage, flexibility, user experience, among others. In view of this tremendous opportunity to reduce the cost per ticket and to utilise the multitude of services offered by cloud that will bring in visibility of utilisation, visibility of real time performance, visibility of service availability, provision scalability, availability, reliability & flexibility of services not to mention failover & recovery all those the present system is lacking, it is planned for Proof of Concept (PoC). It is anticipated that the huge technological debt of the present NGET system can be addressed with the agile and innovation of Cloud technology so as to deliver better services to the customers.

B. Monetization Avenues:

The key growth and optimization opportunities for the different business segments are listed below:

1. Loyalty Program:

IRCTC has presently issued co-branded credit Card with SBI and BOB. This co-branded card is also available on RuPay platform. IRCTC is in the process of including more banks under this program. The Loyalty Program envisages high revenue potential to IRCTC and several benefits to the customers also. The passenger can book their tickets and purchase other goods from market using these cards. The passenger earns loyalty points from it and can book rail tickets using these loyalty points. The payment gateway charges are zero on rail ticket booking using this card. There are 11.85 Lakh card holders of this scheme which also includes 3.93 Lakh card holders of Credit Card on RuPay platform.

Revenue Projection:

Financial Year	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28
Revenue (INR crore)	54	68	85	105	132

2. Tie up with e-Commerce Platforms:

IRCTC will be providing e-Market place and Bill Payments/Recharge services and other third-party Online services on its Website and Mobile App in partnership with popular e-Commerce firms. This will not only enable the company to diversify its business by way of providing variety of services to its customers and generate additional revenues, but also pave way to sustain in the e-commerce ecosystem and customer retention.

In the first phase IRCTC will start with Bill Payments/Recharge service and e-market products/services on its e-ticketing platform. Owing to the huge customer base, it is expected to generate additional revenues as these services are most widely utilized by the consumers.

Revenue Projection:

Financial Year	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 - 28
Revenue (INR crore)	5.00	10.00	15.00	20.00	25.00

3. Monetization of Chatbot Services by extending to Third Party Organisations:

Having gained experience in running Chatbot enquiry service on its e-ticketing platform, IRCTC will now extend AI based Chatbot services (like AI Chatbots, VoiceBots, VideoBots, Virtual Assistants, Intelligent RPA, and Bots etc) to government and private organizations across various verticals & functions.

AI powered multi-format, multi-lingual and multi-channel Virtual Assistant will help organisations save operational/support cost and generating additional revenue, besides enhancing customer adoption, engagement and satisfaction. The Chatbot based Redressal of customer queries is picking up momentum in e-Commerce businesses and it is anticipated that organisations particularly, Government sector will avail this service and take advantage of the innovative AI based customer Redressal service of Chatbot through IRCTC.

Revenue Projection:

Financial Year	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 - 28
Revenue (INR Crore)	1.00	3.00	5.00	7.00	10.00

4. Ticketing through IRCTC Ask Disha Chatbot:

For the first time, railway e-tickets can be purchased in a convenient conversational manner using voice and chat, even without the need for an IRCTC password. The system works on both IRCTC Password and One Time Password (OTP) sent to the user's mobile number. Ask Disha (Digital Interaction to Seek Help Anytime) is an Artificial Intelligence and Machine learning based Chatbot, that answers queries pertaining to various services offered by IRCTC through which customer can now book reserved rail e-tickets also.

E-ticketing service through Chatbot platform on IRCTC Website www.irctc.co.in and IRCTC Rail Connect Mobile App envisages further permeation of ticketing through an innovative and interesting process of easy and convenient booking as well as creating new stream of revenues to the Company.

Revenue Projection

Financial Year	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 - 28
Revenue (INR Crore)	1.00	05	07	15	20

5. Train Information Enquiry Services to Third Party Operators

Policy for integration of service providers for providing Train Information Services has been framed by IRCTC. Train Information Enquiry Service will be provided to Third Party Operators for dissemination of Authentic Train information (Availability and fare, Trains between Stations, Cluster Station List, Train Schedule, Boarding Stations List, PNR Enquiry, etc.) on their respective platforms to the customers.

There is lot of demand for genuine Train Information Enquiry Service in Travel Industry. This service will be integrated with those firms who do not intend to provide online rail ticket booking service, but are interested in providing train related information to their customers. This will not

only enhance the customer convenience and satisfaction but also enable to create a new revenue stream for IRCTC, without levying any cost to the customers.

Revenue Projection

Financial Year	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 - 28
Revenue (INR Crore)	2.00	5.00	7.00	10.00	15

3.6 Strategic Growth Plans for Internet Ticketing

3.6.1 Revenue through monetisation of I-pay on Payment aggregator model

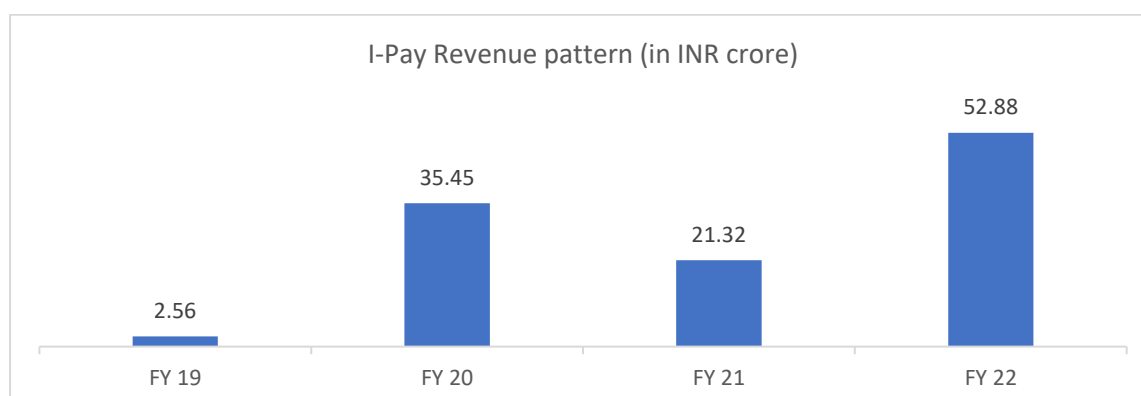
Overview

IRCTC has developed its own Digital Payment Gateway called I-Pay which is operated by IRCTC itself. I-Pay is IRCTC's maiden initiative towards generation of fintech-based revenue. I-Pay is presently being used in IRCTC's in-house products/services such as Air-ticketing, Train ticketing, Tourism, etc). I-pay offers one-stop payment solution which facilitates payments through all payment modes (like Internet Banking, Debit Card, Credit Card, Wallets, UPI Account & Autopay) and for safe and secure transaction between the merchant website, multiple issuing institutions, acquiring banks and the payment gateway providers. The IRCTC I-Pay empowers merchants to collect, process, and distribute payments by utilizing its extensive range of product suite. IRCTC I-Pay payment gateway provides a better digital experience, improved online digital payment convenience and ease of doing business.

IRCTC would now take I-Pay to the outside market to private, public and govt organizations to extend its I-pay digital payment experience on payment aggregator model. This would provide IRCTC a window to generate fintech-based revenue from the external markets alongside internal streams.

I-pay's revenue pattern

In FY 22, there were 4,417 digital transactions done through I-Pay worth ₹ 397 crores. I-Pay revenue in FY 21 witnessed a decline due to lesser number of digital transactions as it was a covid Year when travel & tourism was significantly constrained. However, the revenue growth between FY 19 & FY 22 registered a CAGR of 179%.



Payment Gateway Market statistics

As per industry reports, the payment gateway market in India was valued at INR 73 billion in 2021 and is expected to grow at a CAGR of approx. 20.11% for the forecasted period of 2022 – 2027.

Key factors to drive the growth of online payment gateways in India

- It is govt. of India's flagship programme to make India's economy cashless to fuel digital economic growth of India. In this direction, Govt. has been making policies in the arenas of technology and payment infrastructure to support the 'Digital Economy' initiative.
- Ever-growing smartphone usage and Internet penetration across towns & cities in India
- 68% of the India's demographics is young and 55% of its population is in the age group 20 – 59 which makes demographics extremely favourable. By 2030, 140 million middle-income and 21 million high-income households will drive demand as well as growth in India's Fintech space.
- Several financial inclusion initiatives are being taken by Govt of India such as PMJDY, DAY-NRLM, Direct Benefit Transfer, Atal Pension Yojana, etc that has made India's fintech market reach even the rural areas.

Revenue

Revenue will be earned through convenience fee charged for using the platform that will be shared amongst the Bank, the acquirer and IRCTC in pre-agreed percentages.

Revenue Projections

Year	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28
Revenue (INR crore)	100	150	225	350	500
Operating Profit (INR Crore)	20	30	45	70	100

3.6.2 Alternate Travel Plan Options for dropped Waitlisted Passengers:

Overview

At present, all waitlisted tickets that do not get confirmed even after charting are cancelled automatically and are dropped from the Passenger Reservation System. However, several tickets get dropped before charting too because:

- Either customer cancelled the ticket as it was in waitlisted status before charting, or

- Customer cancelled the confirmed ticket for multiple reasons, or
- Customer cancelled tickets in 'RAC' status

Customers then make alternate arrangements of travel on their own via various other transportation mediums. Instead, IRCTC can provide alternate travel options to such customers on payment of a premium to avail the service, at the time of booking the ticket.

The idea aims to target the passenger segment whose tickets get dropped due to 'Waitlisting (WL)'. This will enhance the overall customer experience with IRCTC for providing 'Distress Inventory'.

Implementation

If the customer is willing to avail Alternate travel option from IRCTC, then at the time of booking the WL ticket, he/she will need to pay a premium. In return, he/she will be provided a cash back/coupon which he/she can use in availing alternate travel option within next seven days via airlines, bus, cabs or any other premium trains.

IRCTC will allow service providers (flights, bus, cabs) to integrate the distress inventory for the customers.

Revenue Generation

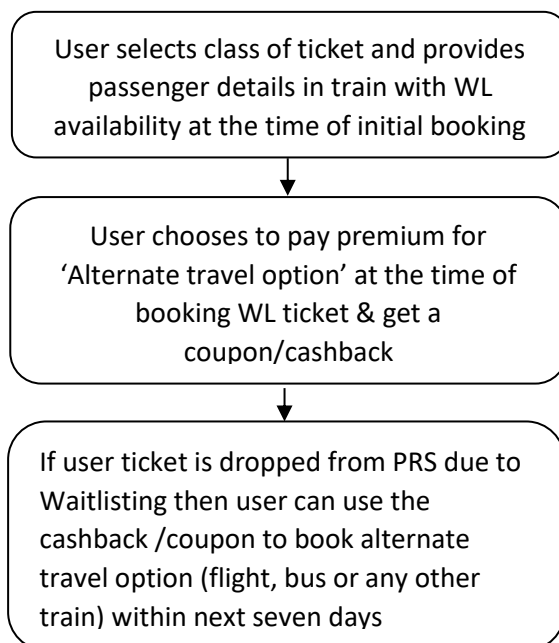
The following charges will be levied on the Service Provider by IRCTC for enabling its Alternate travel option service on IRCTC Platform:

- **Integration Charges:** The Service Provider will make payment of Non-refundable Integration Charges @ Rs. 5 Lakhs + Taxes for making the solution live on Rail Ticketing, Bus Ticketing & Air Ticketing platforms of IRCTC.
- **IRCTC Commission:** The Service Provider will share flat 15% of the Travel Protect Premium + Taxes with IRCTC.
- **Business Assurance Deposit (BAD):** Service Provider will pay in advance an amount of Rs. 75 Lakhs + Taxes as Business Assurance Deposit for business risk cover at the time of beginning of every fresh quarter.

In a quarter, the revenue of IRCTC will be @ flat 15% of Travel Protect Premium + Taxes or Rs. 75 Lakhs + Taxes, whichever is higher.

Process Flow

Figure 12: Process flow for Alternate travel plan for WL tickets within 7 days)



Note:

If the user cancels a waitlisted ticket before being dropped by PRS after charting, such users can also be nudged to use alternate travel option through targeting notifications such as Push notifications.

Revenue Projections for FY 24 – FY 28

Year	2023 - 24	2024 – 25	2025 – 26	2026 – 2027	2027 - 28
Revenue (INR Crore)	34	44	55	70	79
Operating Profit (INR crore)	20	35	44	58	72

3.6.3 Advertisement-based Revenue through Digital Content Streaming in Trains

Overview

Often, passengers commute on moving assets for several hours at a stretch. In order to entertain themselves, they seek to consume Entertainment/Knowledge/News based content, however, they encounter various limitations in this process.

Often, telecommunications signal on their personal devices may not be consistently available while on moving assets, making it difficult to access content. On the other hand, for providers of moving assets, it is difficult to monetize any content that passengers may consume, as they may do so across a range of platforms on their own devices. It is within this gap that a technological solution can be provided to the passengers.

A use case for this is evident with airlines. In premium international airlines, there is typically a bank of content that is displayed on inbuilt units, often through a touch-screen device planted the on the back of each seat headrest. Recently an airline in India has made content accessible through a geo-bound Wi-Fi without any touchscreen at the back of the headrest, but with passengers using their personal devices (phone, tablet, laptop) to access the content.

IRCTC operates the following trains in which can apply this particular technology for monetizing content while catering to the passengers through the trains:

- Bharat Gaurav Trains – 10 trains
- Tejas – 2 trains
- Luxury Segment Trains – 3 trains (Maharajas' Express, Golden Chariot & Buddhist Circuit train)

IRCTC, in a PPP model can provide free and high-quality digital entertainment streaming services to the travelers on their personal devices. This will not only improve the passenger experience with IRCTC but will also generate non-fare revenue for the organization.

Implementation

IRCTC and Digital content service provider will jointly agree upon a set of contents including genre, curate and package them. For example- Religious content can be curated for Bharat Gaurav trains. This packaged content will be transcoded and encrypted. The encrypted content will go through the content management system-based distribution system and will be distributed to the coaches in the train. The entire content bank will reside in the train to ensure uninterrupted distribution of content. The passengers will log in to a geo-fenced Wi-Fi network in the coach and login to the specific entertainment portal with their personal devices (mobile, tablet, laptop).

IRCTC will provide content streaming services in their trains.

Pilot Phase

IRCTC can run a pilot on its Tejas train for few months and then cascade the services to its Bharat Gaurav train segment in a phased manner. The technical system to enable this free content distribution will be installed in each coach to cater to all passengers.

Business Model

The content owners or right holders will offer this solution to IRCTC without any cost. The advertisements will be placed in the content and the revenue generated through advertisements will be shared on an agreed upon ratio between the service provider and IRCTC.

Revenue Model

Revenue will be earned through placement of advertisements on the homepage of the platform or integrating it in between the content.

Infrastructure Requirement

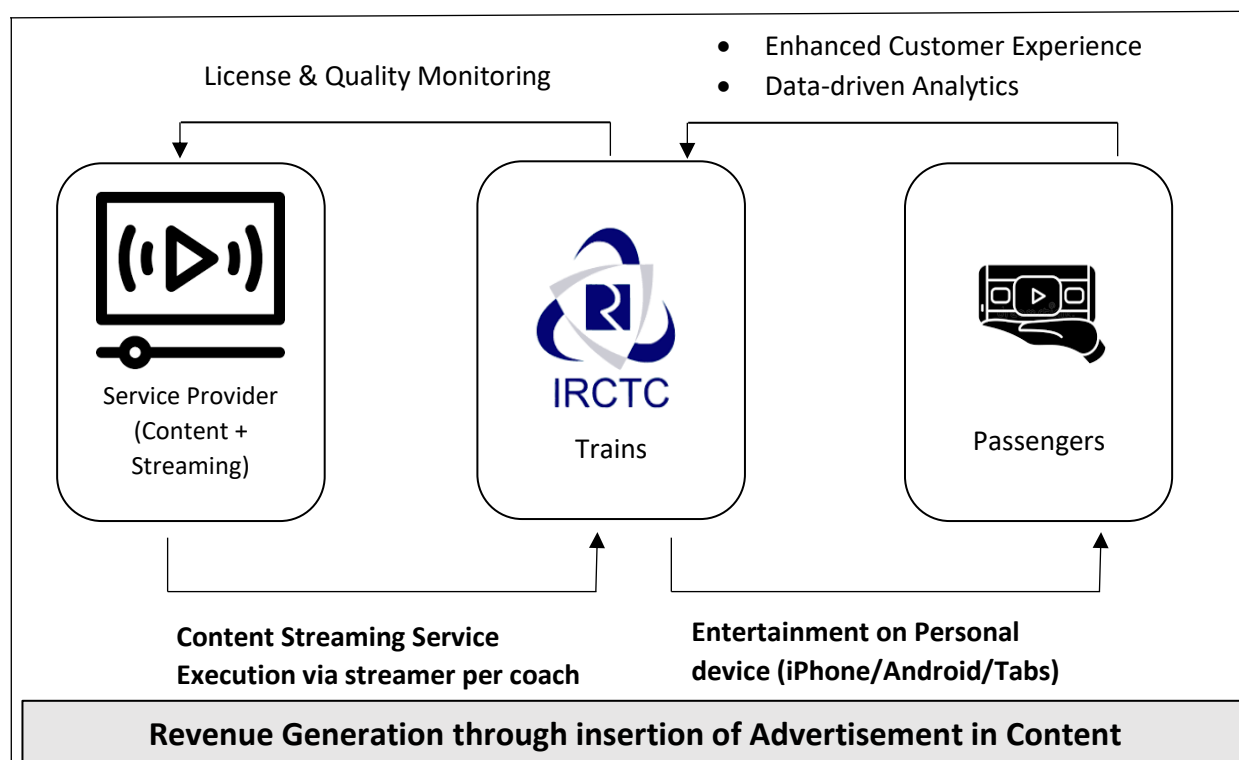
Content Streaming devices per coach

Type of Content

Multilingual Religious / Educational / Travel & Tourism based content. Content can be curated depending upon the trains.

High Level Model of the idea

Figure 13: Model for Digital Content streaming in trains



Revenue Projections for FY 24 – FY 28

Year	2023 – 24	2024 – 25	2025 – 26	2026 – 2027	2027 - 28
Revenue (INR Crore)	7	14	14	14	14
Operating Profit (INR crore)	6.8	14	14	14	14

3.6.4 Revenue from development of online Booking Engine for other organizations

Overview

IRCTC is a seasoned and mature player in the tourism and e-ticketing segment. IRCTC's website and apps are used by millions of users every day for online booking of its products and services. Operating one of the highly transacted booking engines in the country for train ticketing, air-ticketing, hotels and tour packages, IRCTC has a deep domain knowledge of online booking portals. Using its expertise, IRCTC would cater the other organizations to develop online booking engines for them.

Implementation

IRCTC will tile with private, public and govt. organizations/boards to develop their online customized booking engines to enhance their customer experience.

Revenue

IRCTC will generate revenue through the Development charges from the client organization and convenience fee that will be charged to the customer for using the convenience platform for online booking.

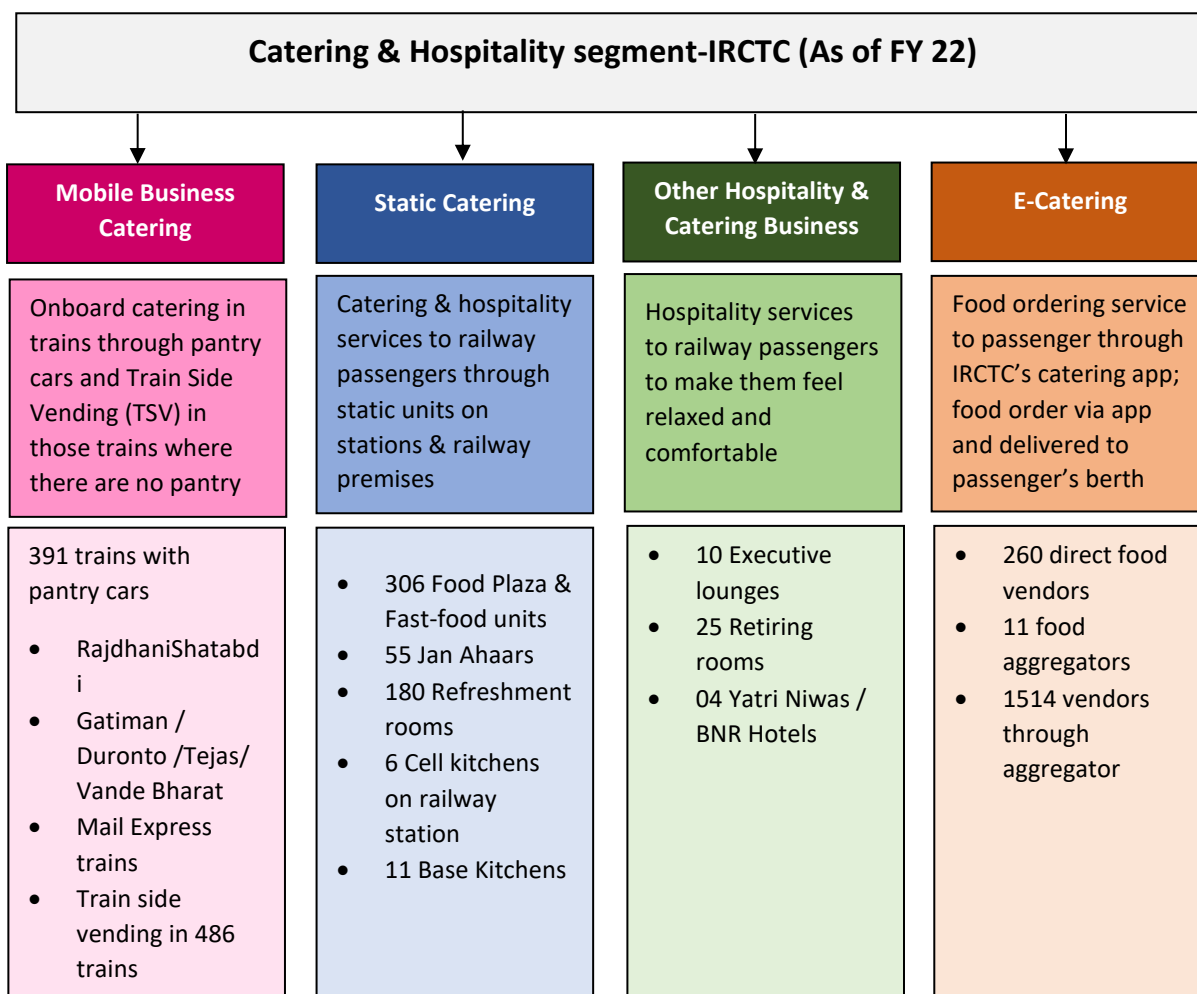
Revenue Projections

Year	2023 – 24	2024 – 25	2025 – 26	2026 – 2027	2027 - 28
Revenue (INR Crore)	7	8	9	10	12
Operating Profit (INR Crore)	1	1.5	1.7	2	2.3

4 Catering & Hospitality Segment of IRCTC

4.1 Segment Overview

Catering & Hospitality segment of IRCTC constituted 27% of the total revenue earned by IRCTC in FY 22; second highest after Internet ticketing segment. This segment is relatively a newer one for IRCTC compared to the other segments. As per the Catering policy 2017, IRCTC has been mandated to carry out the unbundling of the catering services by preparing a distinction between food preparation & food distribution. IRCTC ensure the compliance to the policy through the following structure of its Catering & hospitality segment.



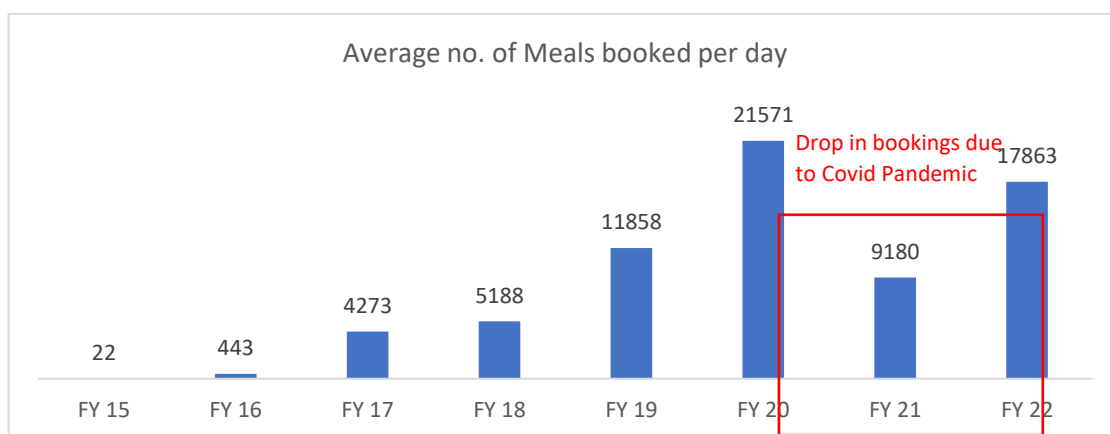
- Highest ever 34,980 meals were booked on a single day i.e., on March 20, 2022 through E-catering Mobile App.
- After Covid lockdown was lifted by the Govt of India, IRCTC resumed the operations of its static units in a phased manner strictly following SOPs as prescribed by the Ministry of Health and Family Welfare (MoHFW) from time to time. The operations of Mobile catering units with meals were resumed by the end of FY 22. E-catering segment was also resumed from Feb 2021. For safety of passengers, IRCTC introduced technologies to promote cashless transactions – Point of Sale (POS) and e-payment application.
- Quality is a decisive parameter in catering, therefore around 40,600 inspection of static units and trains were carried out by officers of IRCTC's zones and designated officials from Indian Railways. Additionally, onboard monitoring staff was engaged to supervise the end-to-end catering services in 100% of premium segment trains and sectional monitoring in Mail/Express trains. QR codes were introduced so that passenger can find out more about the date of food

information, name of kitchen where food is prepared, FSSAI, live CCTV streaming link. CCTV monitoring has been enabled in kitchen unit to monitor the hygiene level from corporate office and Central Control Room.

- In compliance with new catering policy 2017, IRCTC also develops, operates and maintains Rail Yatri Niwas / BNR Hotels in to provide hospitable amenities to rail travellers. The sites have been given to IRCTC on license basis with approval to sub-license the rights further to third parties through public-private partnership mode.
- IRCTC will drive further penetration for E-catering by continually adding more food vendors and aggregators to its network and bringing more stations into E-catering ambit. Apart from this, in pursuit to deepen the reach of catering related products, IRCTC has integrated with B2C partners. Some of them have already been made LIVE such as MakeMyTrip, Ixigo, Yatra, Paytm, Confirmktkt, etc.

Growth of E-catering segment over the years

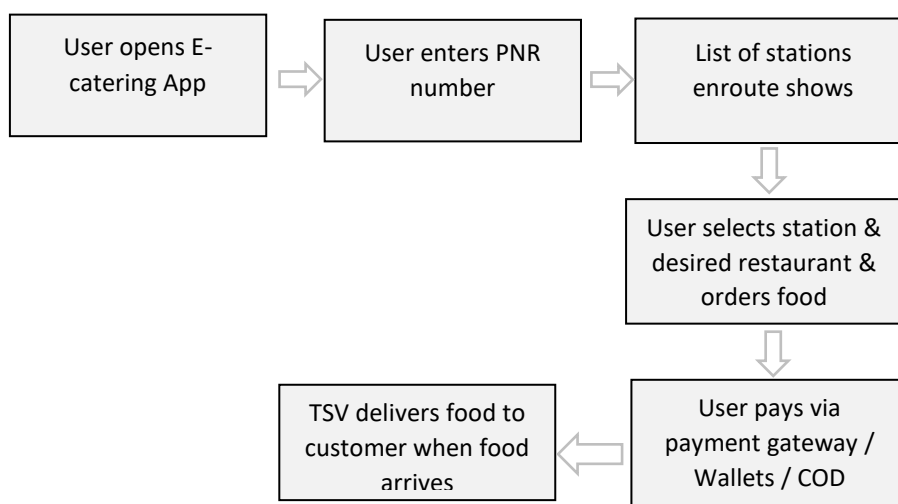
Figure 14: Growth in Meals booked per day (FY18-22)



Flow of order booking in E-catering:

Customers can order food using IRCTC's E-catering App.

Figure 15: Meal booking through E-Catering app

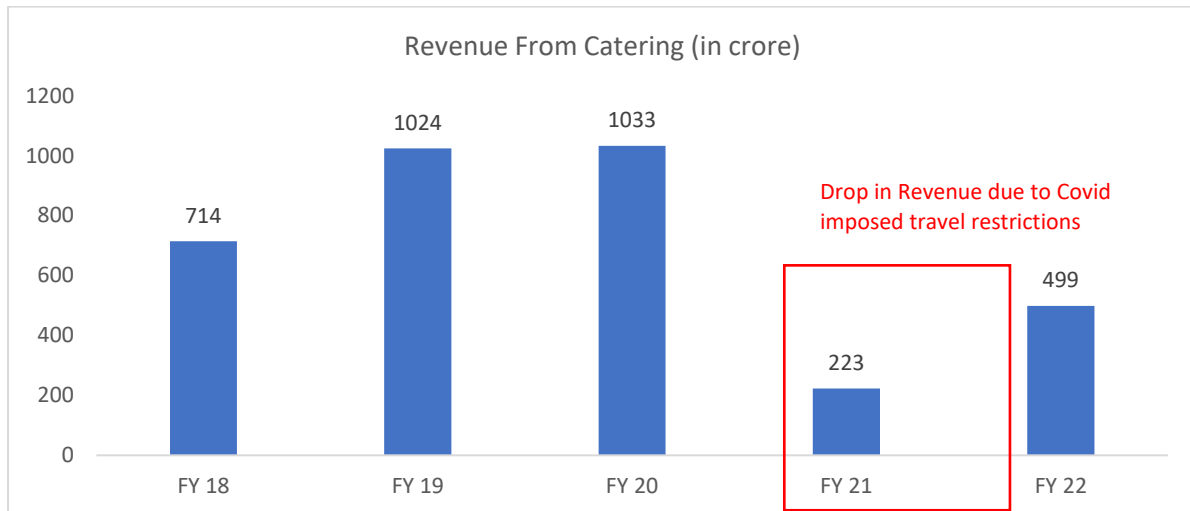


4.2 Financial Performance (FY 18 – FY 22)

Revenue from Catering in FY 18 – FY 22

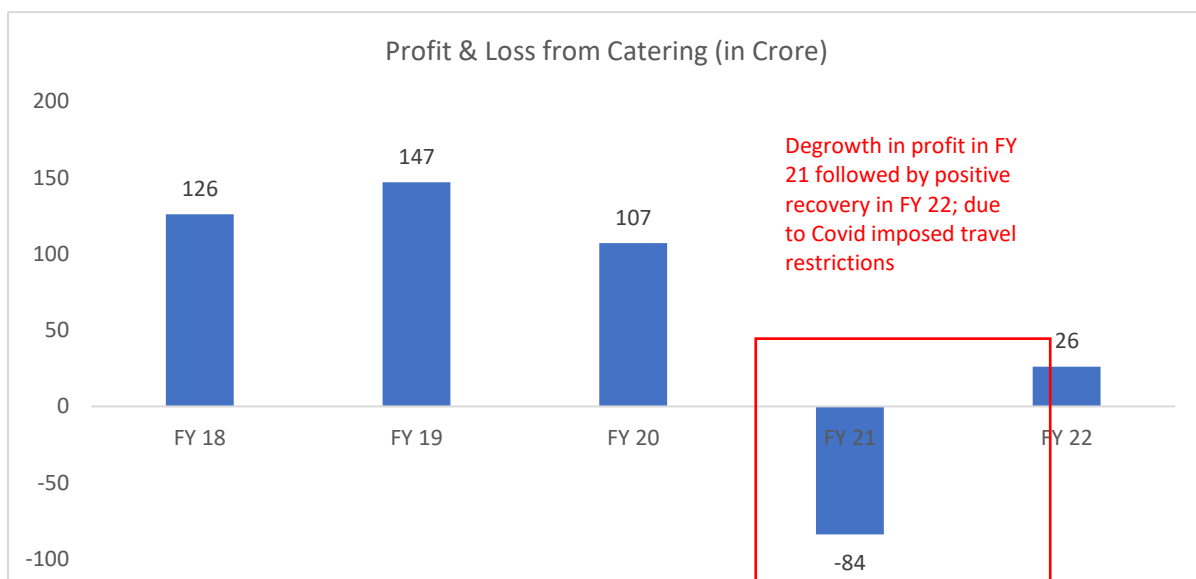
Revenue and profit numbers for FY 21 and FY 22 have seen significant drop compared to FY 20 as the train operations remained suspended for entire period in FY 21 and for the major part in FY 22 due to pandemic induced lockdown and travel restrictions. Therefore, the Catering services too were negatively impacted in this period.

Figure 16: Revenue Growth (FY18-22)



Profit & Loss from Catering in FY 18 – FY 22

Figure 17: Profit & Loss trend - FY18-22



4.3 SWOT Analysis of Catering Segment

Strengths

- High entry barriers as IRCTC is Monopoly business of providing catering services to train passengers.
- Vast experience of catering to millions of Railway passengers over the years
- Strong network of Direct food vendors, Aggregators and B2C partners

Weaknesses

- Major dependency train operations for generating revenue from catering
- Lack of diversification into non-railway market
- Meal delivery challenges in peak season such as festivals or in case of late night received orders due to vendor limitations

Opportunity

- Huge Revenue generation opportunity in Non-Railway market
- Expanding passenger train network in India; new 400-500 Vande Bharat trains to be operational by FY 27; with 75 Vande Bharat trains planned in this year
- Enough cash to invest in kitchen infrastructure to cater to Non-Railway Market at a big scale

Threats

- Unpredictable policy changes issued from time to time causes loss of revenue

4.4 Growth outlook of the market

Online food delivery has picked up momentum in India in last five to six years. In FY 22, online food delivery market of India was valued at INR 410.97 billion and is expected to reach INR 1,845.76 billion by the end of FY 28 at a CAGR of 30% during the forecast period of FY 23 – FY 28

Growth Drivers for the market:

- Increased adoption of internet & smartphones is driving the demand for ordering meals through online food apps not only in Tier 1 cities but is also gaining acceptance in tier II cities.
- Subscription based loyalty programs for regular customers from online food delivery platforms to do away with the delivery charges.

- Increasing household income due to rising number of working families especially working women
- Growing culture of convenience based lifestyle

4.5 Growth Ideas for catering to Railway segment

4.5.1 Putting QR codes on berths for contactless food-ordering via QR based digital menu

QR scan code can be installed on berths. Customer can scan the code using camera in their mobile phones. It will direct the customer to IRCTC's Catering app interface. Customer will need to provide the PNR #, desired station from the list & the restaurant and can order the food from the menu. Customer will be able to pay online or through 'Post-Pay' in cash on delivery mode. The food will be delivered to the user by Train side Vendor on food arrival at the selected station. In case of Post-pay, customer will pay the order amount to the Train side vendor.

Instead of customer scanning the QR Code themselves, they can physically

Benefits:

- Increased order volumes because QR codes can be easily accessed by all users from their berths. This in turn significant potential to grow the TSV revenue.
- The idea can very well mitigate the problem of overcharging for meals by the vendors.

Revenue Projections

Year	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28
Revenue (INR crore)	22	38	58	67	77
Operating Profit (INR crore)	19	34	52	59	68

4.5.2 Developing cloud kitchens in PPP model within or outside Railway Premises

To solve for the meal delivery challenges in E-catering segment, IRCTC is continuously focusing to expand its food vendor network comprising of Direct vendors and Food Aggregators. However, a more robust solution is needed to address meal delivery challenges especially during peak seasons.

Model:

To solve for Meal delivery challenges during peak seasons/festivals/late night orders, IRCTC could develop its own cloud kitchens in PPP mode within or outside Railway premises across all Tier I & Tier

II Stations. Alongside the kitchens, food delivery hubs could also be created in Railway premises that can be used for consolidated point for aggregating the meals for deliveries into the trains. All the meals ordered from other food vendors can be aggregated in these hubs and stacked according to the trains/coaches. Also, cloud kitchens can solve for meal delivery challenges in peak seasons or other times of the day when outside food vendor are not able to process the order. The kitchen would have sufficient arrangements to reheat the food & maintain the freshness of food until delivered. The private partner will be responsible for operating, maintaining and managing kitchen operations while IRCTC will depute its officials to inspect the oversee kitchen operations, food quality, hygiene, coordinate onsite inspections and other contractual parameters for effective service delivery.

Parameters for Awarding long-term contracts (minimum 5 years) to private partner:

The parameters to onboard the most competent private partner to operate & manage the cloud kitchen should focus around:

- Ability to provide high-grade equipment to run kitchen operations
- ISO 22000 & FSSAI licenses for quality conformance
- Sufficient manpower to handle deliveries and train side vending during peak hours.
- Hygiene standards

Benefits to go on PPP mode:

- Low-cost operations for IRCTC with zero investment on equipment and minimal manpower for inspection & supervision.
- To an extent, this will also provide an alternative solution to address high delivery charges for food delivery from outside food vendors.
- Lesser cost compared to self-owned kitchen in case kitchen expansion needs to be done in future to test newer markets

Revenue Projections

Year	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28
Revenue (INR crore)	37	62	99	148	185
Operating Profit (INR crore)	34	58	93	139	175

4.5.3 Setting up Mega Kitchens / Greenfield centralized kitchens for Non-Railway Catering (NRC)

Background

Catering segment of IRCTC at present has a major dependency on Railways for its revenue. However, this exposes IRCTC to the risk of losing revenue due to unpredictable policy changes. In order to overcome the risk, it is imperative that IRCTC diversifies its catering portfolio into non-Railway markets. IRCTC has years of experience in catering high quality nutritious food to the millions of Rail passengers, which is its biggest strength in operating the non-railway segment.

Model

IRCTC could set up new mega kitchen or centralized kitchen infrastructure to cater to non-railway market through tie-ups and contractual arrangements such as with:

- Private Organizations and Start Up's
- Hospitals
- Schools
- Old age homes

Catering team would closely work with the institutions to customise the menu suited to their needs. On an aggregator model, IRCTC can also cater to larger public through the mega kitchens. Food will be prepared in Centralized kitchens. IRCTC could partner will Swiggy, Zomato and other carriers for food delivery.

Technology

Kitchen can be equipped with latest technological advancements to ensure high quality of food, effective monitoring, and sanitation such as Artificial Intelligence (AI) and Internet of Things (IoT).

Investment Requirement in different operating models

Investment parameters	IRCTC owned	PPP -BOT	PPP-BOT model with capital support from IRCTC
Land	IRCTC's investment	IRCTC bears the cost	IRCTC's investment
Building	IRCTC's investment	IRCTC bears the cost	IRCTC's investment
Machinery & Equipment	IRCTC's investment	Private partner's investment	IRCTC's investment
Technology	IRCTC's investment	Private partner's investment	IRCTC's investment
Licenses	IRCTC's investment	Private partner's investment	IRCTC/Private partner's investment
Raw Materials for Food	IRCTC's investment	Private partner's investment	Private partner's investment
Licenses	IRCTC's investment	Private partner's investment	IRCTC/Private partner's investment

Manpower	High requirement from IRCTC as IRCTC will need to deploy its own inhouse manpower to operate, manage, maintain and oversee the kitchen for quality. IRCTC's investment 100%	Most of the manpower will be from Private partner's side. IRCTC would appoint 1- 3 personnel only supervise and keep an eye on operations and quality; Minimal investment from IRCTC	Most of the manpower will be from Private partner's side. IRCTC would appoint 1- 3 personnel only supervise and keep an eye on operations and quality; Minimal investment from IRCTC
Transport logistics	IRCTC's own distribution network IRCTC's investment 100%	Private partner's distribution network; No investment from IRCTC	Private partner's distribution network; No investment from IRCTC

Marketing

The Marketing strategies should focus around the quality, hygiene, technology & sustainability aspects of the kitchen.

Revenue Projections

Year	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28
Revenue (INR crore)	9	24	50	80	113
Operating Profit (INR Crore)	7	20	42	68	96

4.6 Other Operational recommendations for Catering

- All cloud kitchens, centralized kitchens within or outside Railway premises should be run on Solar Energy for energy efficiency
- All kitchen related infrastructure should be licensed from FSSAI and ISO:22000 certified for to maintain hygiene and quality standards
- Contract should be awarded to the private partner (in case of PPP model) for long-term i.e., minimum 5 year

5 Rail Neer segment of IRCTC

5.1 Segment Overview

Rail Neer is a high-quality packaged drinking water brand of IRCTC catering to the Railway platforms and all passengers travelling through Indian Railways as well as the ones availing IRCTC's inbound & outbound tourist packages. In FY 22, Rail Neer constituted 9.17% of the total turnover of IRCTC. As of FY 22, Rail Neer is manufactured through 15 operational plants across India and there are 5 more plants in pipeline to be operational by FY 24 which will increase Rail Neer's operational capacity as well as the market share. Out of all operational Rail Neer plants, Sankrail & Una plant are on PPP Model while the rest are self-owned by IRCTC. All the 5 Plants in pipeline will also be operated on PPP model with capital support from IRCTC.

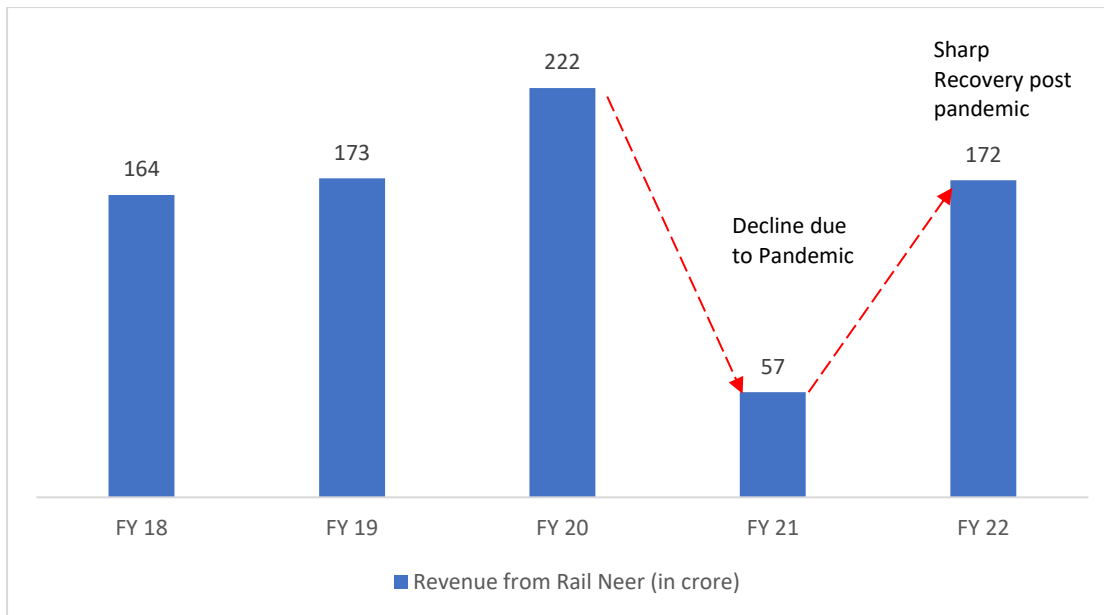
RAIL NEER PLANTS IN INDIA AS OF FY 22	
Operational Plants as of FY 22	
Nangloi (Delhi)	Danapur (Bihar)
Palur (Tamil Nadu)	Ambernath (Maharashtra)
Amethi (Uttar Pradesh)	Parassala (Kerala)
Bilaspur (Chhattisgarh)	Sanand (Gujarat)
Hapur (Uttar Pradesh)	Mandideep (Madhya Pradesh)
Nagpur (Maharashtra)	Jagiroad (Assam)
Maneri (Madhya Pradesh)	Sankrail (West Bengal)
Una (Himachal Pradesh)	
Plants in Pipeline as of FY 22	
Bhusawal (Maharashtra)	
Vijaywada (Andhra Pradesh)	
Visakhapatnam (Andhra Pradesh)	
Bhubaneswar (Orissa)	
Kota (Rajasthan)	

Rail Neer plants in Nangloi, Danapur, Palur and Bilaspur are quality management system certified with ISO: 9001-2015 while the Ambernath Plant is accredited with ISO: 22000-2015 certification.

5.2 Financial performance and key statistics (FY 18 – FY 22)

Revenue (FY 18 – 22)

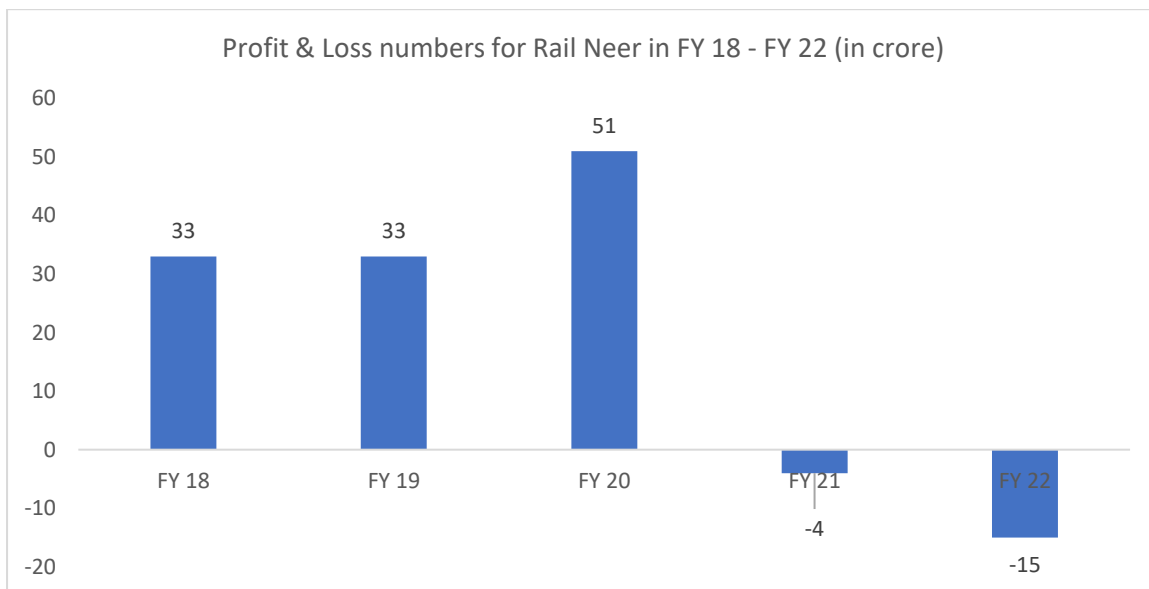
Figure 18: Rail Neer Revenue growth (FY18-22)



The Revenue in the Rail Neer segment witnessed a sharp decline in FY 21 due to Covid Pandemic. The train services and stalls on the railway stations remain functional for a large part of the year. However, in FY 22, the revenue from Rail Neer segment witnessed a healthy bounce back as the railway operations and platform services has been successfully resumed.

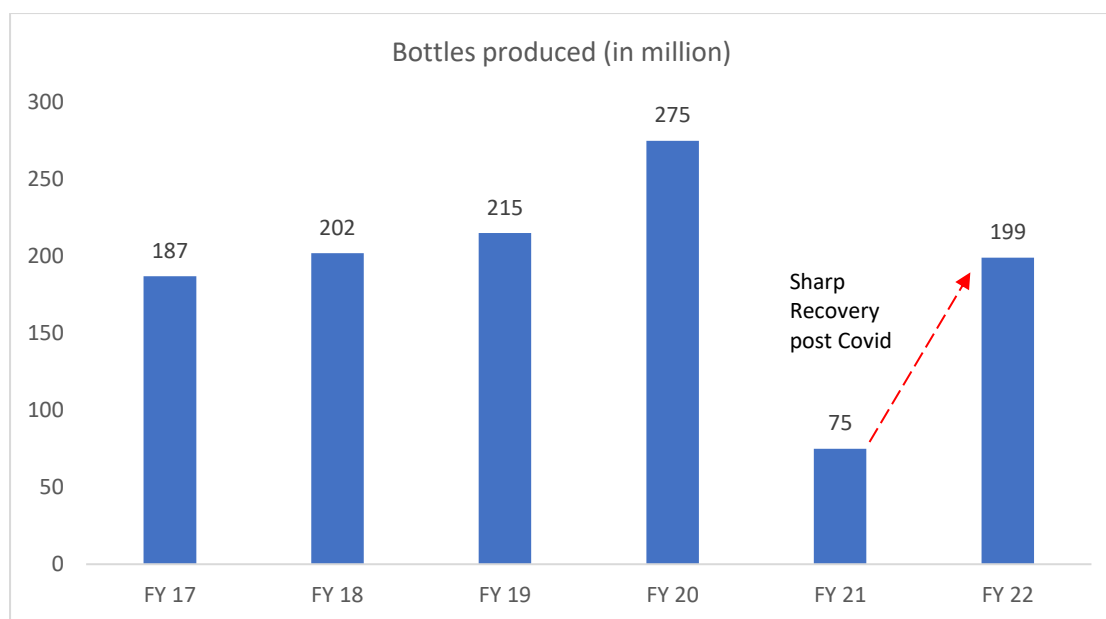
Profit and Loss Numbers (FY 18 – FY 22)

Figure 19: Profit & Loss trend (FY18-22)



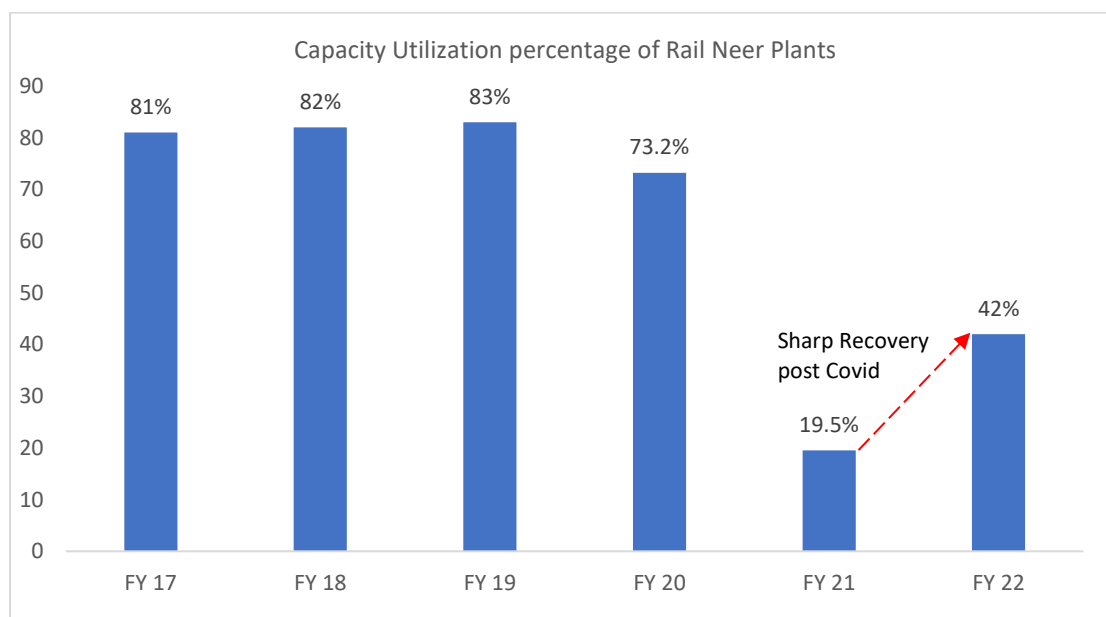
Rail Neer Bottles produced (FY 18 – FY 22)

Figure 20: Bottle production figures (FY18-22)



Capacity Utilization of plants (FY 18 – FY 22)

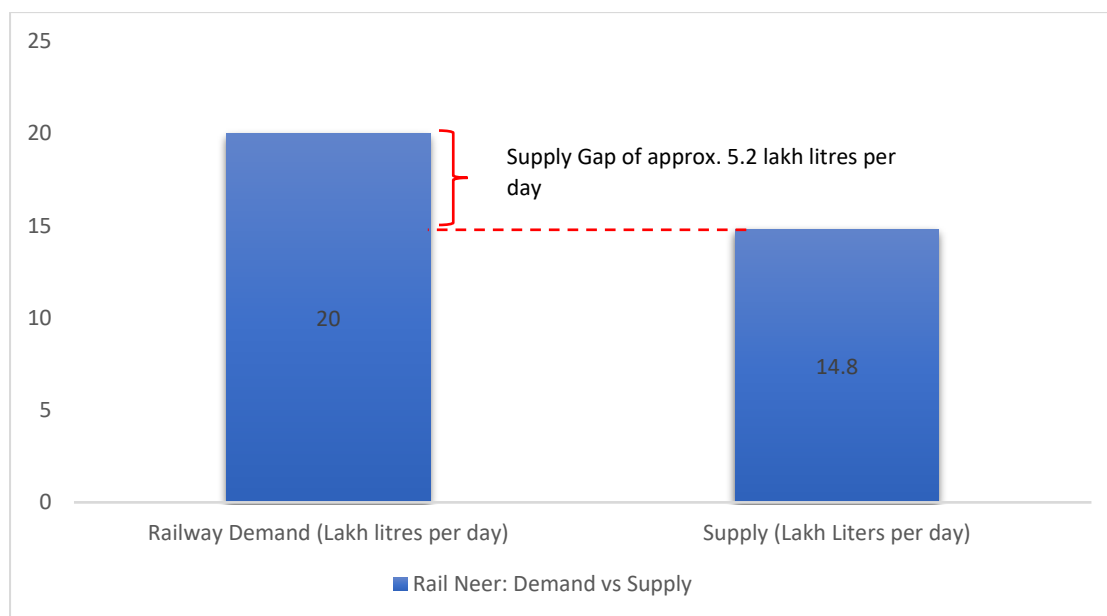
Figure 21: Capacity utilization of Plants



5.3 Demand vs Supply Gap

The Current drinking water requirement of Railways on an average for non-peak season is about 18 - 20 lakh liters per day versus which IRCTC is able to supply about 14.80 lakh liters per day of Rail Neer. The gap in the supply is due to the production and supply chain constraints.

Figure 22: Rail Neer -Demand vs Supply



Commercialization of five more plants which is in pipeline to be operational by FY 23 will increase Rail Neer manufacturing capacity of IRCTC to 18.40 lakh liters per day.

However, the drinking water demand in trains and platforms is projected to increase at the rate of 10% per year. IRCTC will be able to meet projected Railway drinking water demands by FY 27 through capacity expansion and setting up new plants at most of the railway stations.

IRCTC will continually need to evaluate the growth of drinking water demand in Railways vis-à-vis the IRCTC increasing production capacity. If the rate at which the drinking water demand in trains & platforms increases beyond 10%, the capacity enhancement of existing plants (and the 5 new plants in Pipeline) will be undertaken to meet the higher demands.

5.4 SWOT analysis of the Rail Neer segment

Strengths:

- Sole entity authorized to sell Packaged drinking Water to Rail travellers.
- Decent network of 15 operational self-owned and PPP mode plants augmented with 5 more in the pipeline strengthening Rail Neer's packaged drinking water production capacity
- Growing Sales & Distribution Network across PAN India
- High grade packaged drinking water produced through 8-step purification process capable of quality conformance to BIS Standard IS 14543-200
- Strong network of Carry & Forwarding Agencies (CFA) to pick the production from the plant and transport to designated points at railway stations for further sale and distribution to catering units of Indian Railways.

- Deployment of technology such as HandHeld terminals (HHT's) for more empowered format of invoicing, recording and reconciling sales & supplies in lesser time with greater accuracy.

Weakness:

- Pricing dependency on Indian Railways with no control from IRCTC.
- Lack of product variants; currently Rail Neer only provides package drinking water in 1L and 500 ML only whereas its competitors offer a depth of products in the segment such as packaged drinking water in 250 ML, 2 L, 10 L & 20 L bottles/jars, premium mineral water, flavoured water, etc.
- Profitability dependent only on Railway segment. Zero market diversification.

Opportunities:

- Huge opportunity in outside market other than Railways due to increasing packaged drinking water demand.
- Growth in Travel & Tourism segment post pandemic and focus on Govt of India in Promoting India as an ideal destination for leisure/cultural as well as medical tourism.

Threats:

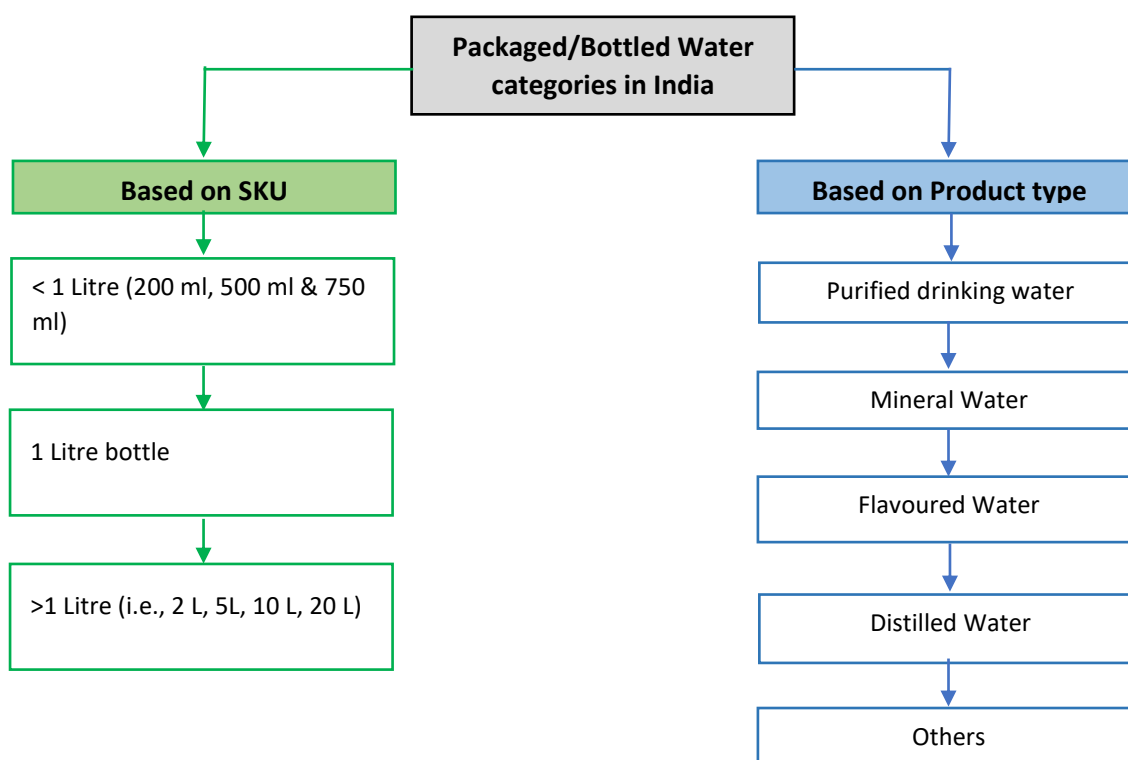
- MRP of Rail Neer is determined by Indian Railways at Rs. 15 / liter with no control of IRCTC over it. This leaves very less scope of profits to service provider.
- Stiff competition from Regional and International players in the market segment.
- It is very simple to create a duplicate bottle of the original product, or refill a discarded PET bottle and sell customers forged product. Customer generally lack awareness and tend to trust the forged product to be safe for drinking.
- Several middle class and upper-class homes in India have RO systems whose price ranges between INR 15,000 – INR 20,000 with maintenance cost of more than Rs. 3,000 annually.
- Increasing Plastic waste due to the used PET bottles/jars is a cause of concern from the environmental perspective.
- There is easy entry for unorganized players manufacturing bottled water without sufficient licensing. This is a major concern for quality of the product and safety of the consumers.

5.5 Market of Packaged Drinking Water in India

The Packaged drinking water market of India was valued at USD 2,971 Million in 2021 and is estimated to reach USD 8,923.84 Million by 2029 registering a CAGR growth of 13.5% in the period 2022 – 2029. Over last 5 years, this segment has shown a growth of 40 – 45%.

India's market of Packaged drinking water is categorized based on SKUs and Product type.

Figure 23: Packaged drinking water segmentation



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5.6 Key growth drivers for the sector

In 2020 & 2021, demand of Packaged drinking water witnessed a sharp decline in volume due to Covid-19 pandemic owing to the causes such as shutting down of hotels and restaurants, offices and other institutions, less traffic flow on roads and highways, dip in travel & tourism, etc.

- Increasing awareness around wellness and health is bound to boost consumption of packaged drinking water. A normal human being needs around 2 – 3 liters of water everyday. As per UNICEF, less than 50 percent of the Indian population has access to clean drinking water.
- Lack of availability of clean drinking water and poor quality of tap water in several parts of the world and India have led to the growth of packaged drinking water.

- Rising per capita income of people coupled with drive for convenience and affordability has spurred the sale of packaged drinking water and is poised to propel the segment growth in the future too.
- Rising population of India and rising urbanization is also a major factor in determining the growth of demand in packaged drinking water demand.
- Forecasted growth of tourism in India will also account for rise in sale of Packaged drinking water because most tourists prefer packaged drinking water over the tap water. Tourism sector of India is expected to grow at a rate of 6.9% annually to reach \$460 billion by 2028 which is 9.9% of GDP according to World Travel & Tourism council (WTTC). As per a report by Industry chamber FICCI, the international tourist arrivals in India are expected to reach 30.5 billion by 2028. All these factors put together will propel the demand of Packaged drinking water.

5.7 Strategic Growth Plans for Rail Neer

5.7.1 Sale of Packaged drinking water and Mineral Water to non-Railway market under a new brand name

After meeting packaged drinking water demand from Railways passengers, IRCTC should enter into non-railway related market by supplying packaged drinking water to Ministries, PSU's, government institutions, educational institutes, private corporates, retails, Hotels & Restaurants, multiplexes, airports & airlines, etc.

However, IRCTC should adopt a new branding & pricing strategy to enter into non-railway packaged drinking water and mineral water segment under a new brand name other than 'Rail Neer' for accurate positioning of the product and avoid stereotyping of it as a Railway product particularly.

In order to enter into the outside market and compete with all other existing players in packaged drinking water segment, IRCTC would need to sell water in all other popular capacities including 1 L i.e., 300 ML, 500 ML, 2L, 5 L, 10 L and 20 L. 20 L drinking water jars have an increasing drinking demand in PSU's, Govt. & Private offices and other institutions. Whereas 2 L, 5 L & 10 L packaged drinking water's consumption is increasing in Indian Middle class & Upper Middle-class households.

Business Model

IRCTC can either set up new plants in PPP mode or outsource manufacturing on CDMO basis to manufacture packaged drinking water for sale & supply to the outside market (non-railway)

at competitive pricing through retail and tie up's with Hotels/Restaurants/Café (HoReCa), Ministries, PSU's & other govt institution, offices, Airlines.

Investment Parameters	New Plants in PPP mode	CDMO
Investment in Land	IRCTC if plant is not in railway premises	Contract manufacturer with No Cost to IRCTC
Plant, Machinery & Infrastructure	Private partner	Contract Manufactures
Operational Control	IRCTC along with Private player w	Contract manufacturer with pre-agreed terms & conditions from IRCTC
Quality control	Pre-agreed standards of quality to be met by Private Party with supervision from IRCTC	Pre-agreed standards of quality set forth by IRCTC to be met by contract manufacturer. IRCTC can do the quality conformance test to ensure quality standards have been met.
Manpower	Private player's manpower. IRCTC will need to depute Quality monitoring personnel only	Contract Manufacturer's manpower.
Sales & Distribution	Private Party	IRCTC

Potential Branding Strategy for entering the new market

- Product should be launched under a new brand name other than 'Rail Neer' for differential and accurate positioning as a non-railway product.
- Bottle design, Labelling & Colours can be improved.
- Branding should be around quality of the water, recyclability of the bottles and replenishment of source groundwater initiatives taken by the Company
- Branding to be done through IRCTC Social Media Platforms and other digital platforms. A new page should be designed on IRCTC's website to make consumers aware of product SKU's, quality, USP and sustainability of the product.

Revenue Projections

Year	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 - 28
Revenue (INR crore)	Meet Railway drinking water demand			35	46
Operating Profit (INR crore)				12	43

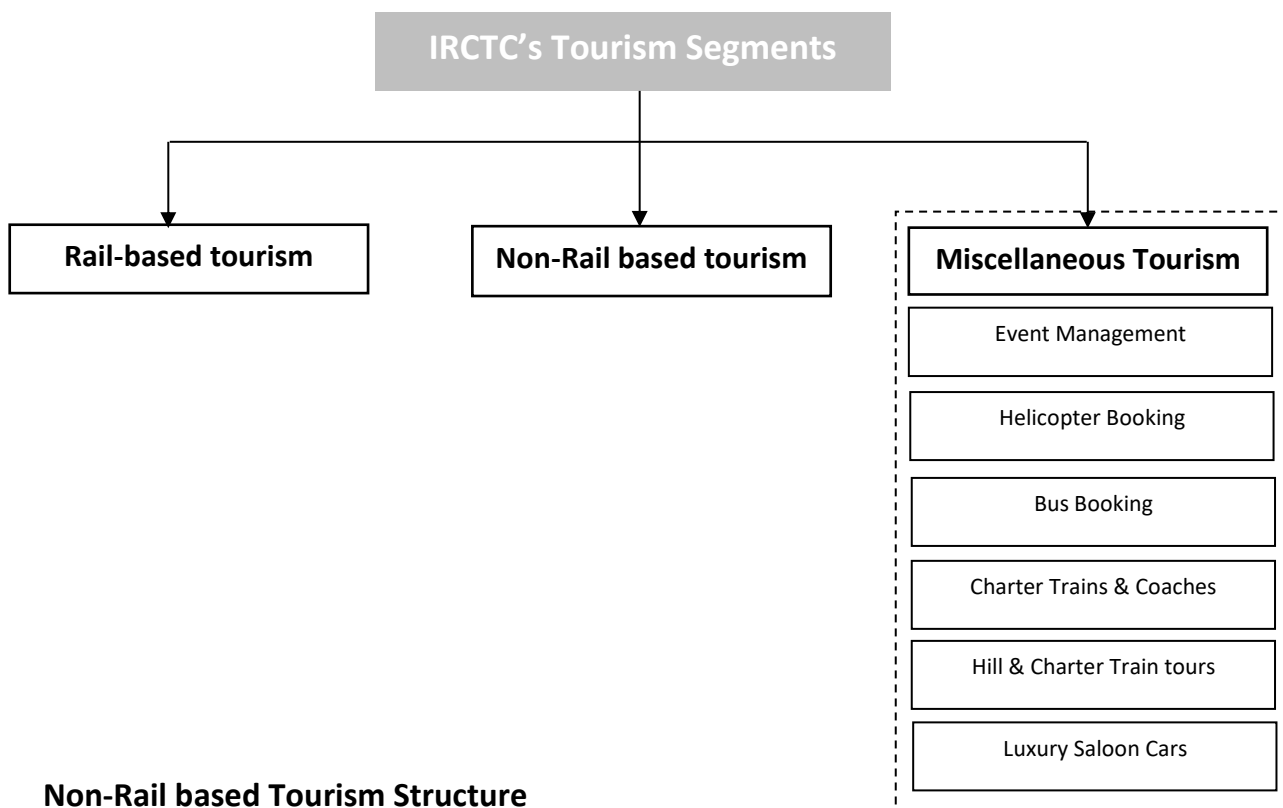
6 Tourism Segment of IRCTC

6.1 Overview

IRCTC is India's leading travel and tourism service provider that offers a plethora of tourism services across Railways, Roadways, Airways and Waterways. In FY 22, the tourism segment contributed 10% of the IRCTC's total revenue.

IRCTC offers a wide range of tourism related products & offerings in Inbound, Outbound, Domestic tours spanning across the following three segments:

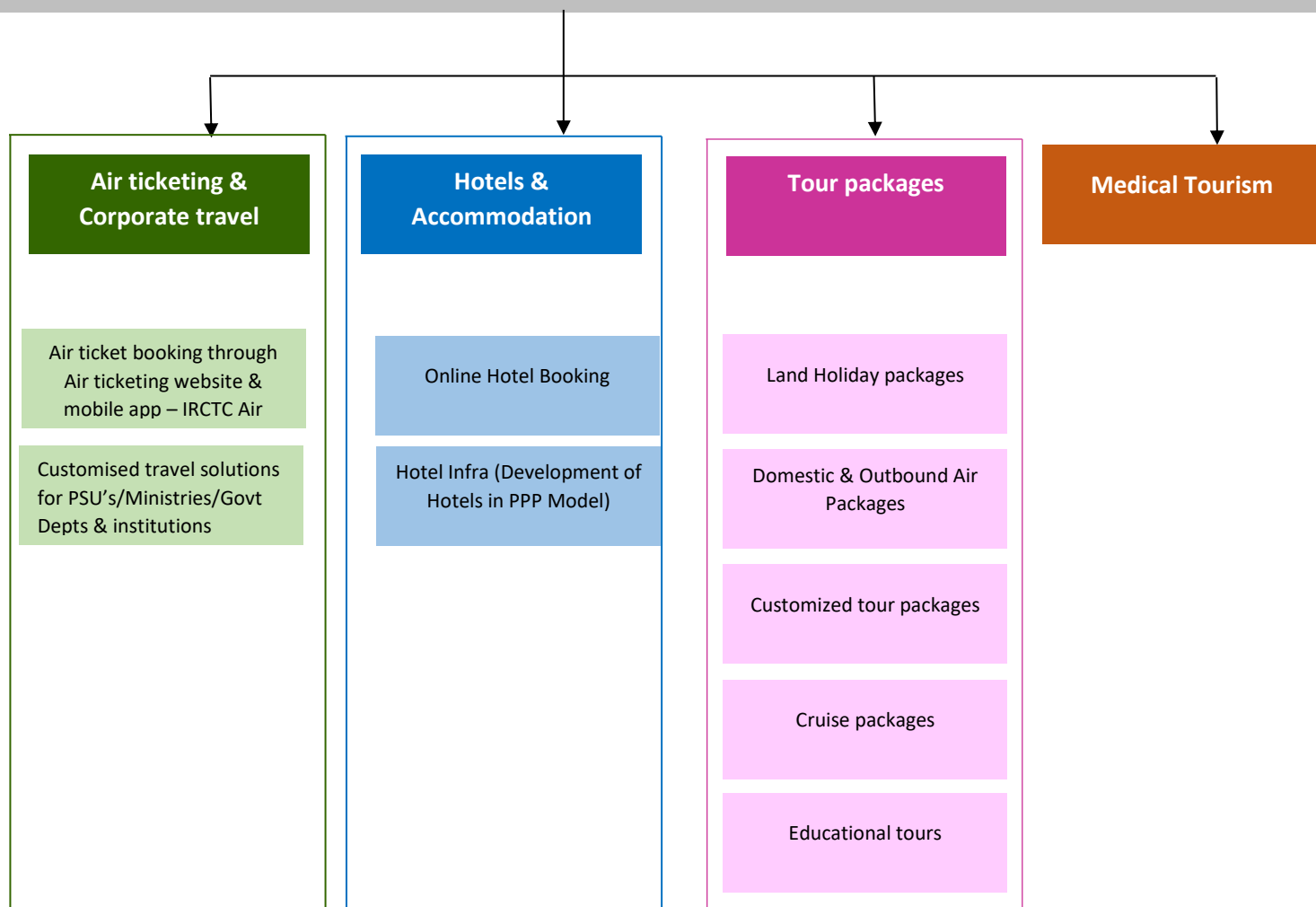
Figure 24: Tourism Segment of IRCTC



Non-Rail based Tourism Structure

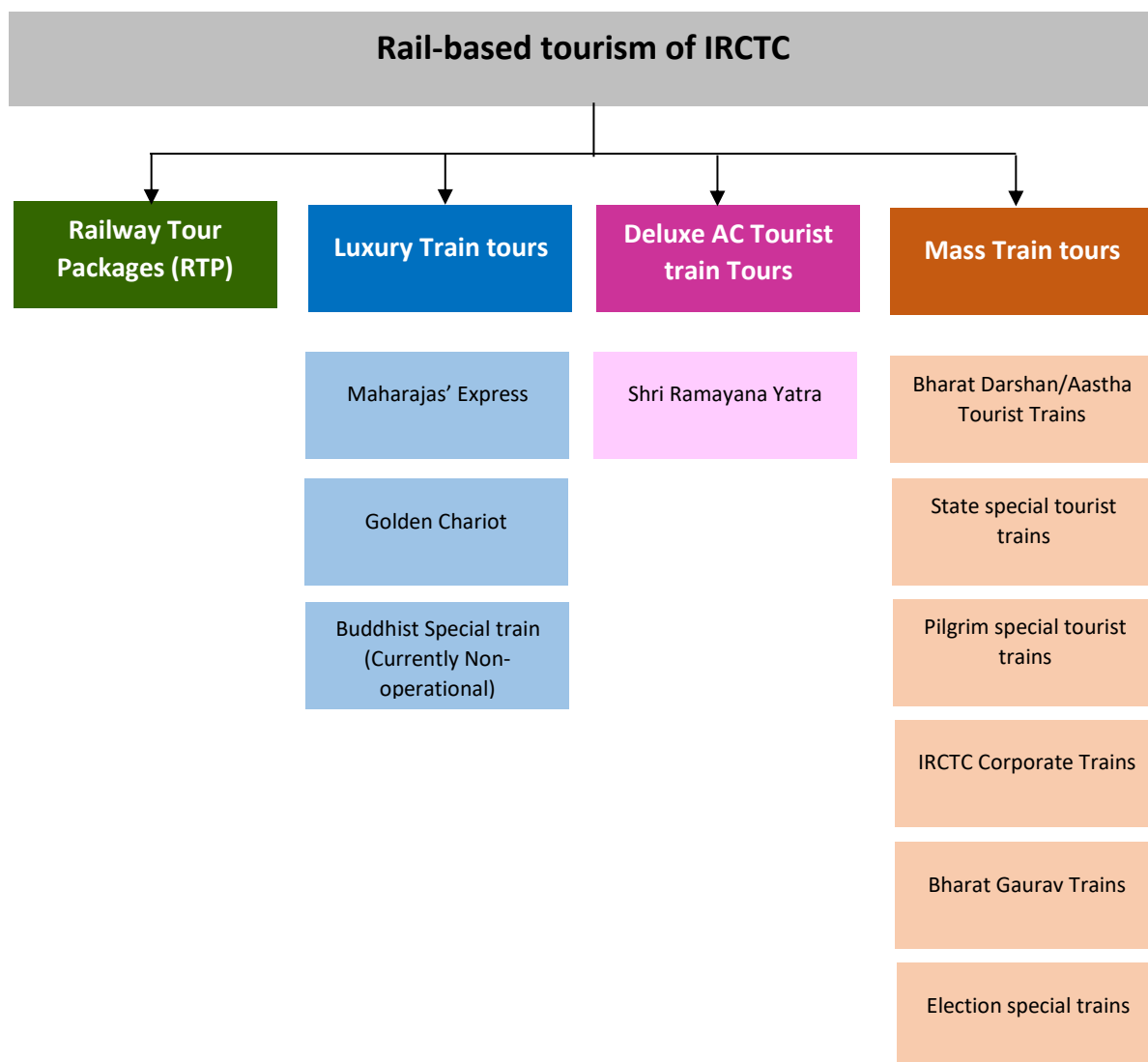
Figure 25: Rail Based Tourism Products

IRCTC's Non-Rail based tourism



Rail based Tourism Structure

Figure 26: Rail based tourism products



Initiatives of IRCTC in the segment as of FY 22

- IRCTC aggregates around 6,900 hotels across 435 cities with most hotel not charging any money if booking is cancelled atleast 24 hrs ahead of the check-in.
- Under the Hotels – Infra category, IRCTC is developing budget greenfield hotels in major tourist destinations across India with an internal target of 2 greenfield project per year. These hotels are being developed in PPP - BOT model with land & 70% capital support from IRCTC.
- Under Air ticketing segment, IRCTC provides flight booking facility through its micro-website <https://www.air.irctc.co.in/> as well as Android & IOS based 'IRCTC-air' app.

- IRCTC has tied up with 200 organizations comprising of PSUs, Ministries, Government departments & institutions to offer them full-fledged travel solutions to manage their business travels.
- For tour packages above INR 50,000, IRCTC now offers Part payment facility under which travellers can book their packages in advance by just paying a portion of the package cost as 1st instalment while the rest of the amount can be paid in 2nd instalment atleast 30 days prior to the departure.
- IRCTC initialised the operation of IRCTC two corporate trains in FY 22 - LJN - NDLS and ADI- MMCT Tejas
- In International Luxury segment, Maharajas' Express train run by IRCTC offers four itineraries covering major tourist destinations such as Jaipur, Udaipur, Jodhpur, Bikaner, Ranthambore, Agra, Khajuraho, Varanasi, Orchha and Fatehpur Sikri to showcase cultural heritage of India. In FY 22, Maharajas' Express could not run with full steam and all commercial booking had to be cancelled due to Covid induced international travel restrictions. Maharajas' Express has its own dedicated website: <https://www.the-maharajas.com/>
- Golden Chariot, another luxury segment IRCTC operated train, offers three different itineraries namely Pride of Karnataka (6 N/7 D), Jewels of South (6 N/7 D) and Glimpses of Karnataka (3 N/4 D) covering various famous tourist destinations of the states of Karnataka, Tamil Nadu, Kerala and Goa. Its operations too remain suspended in FY 22 due to Covid induced travel restrictions however it is being resumed in FY 23. The train has a dedicated website: <https://www.deccan-odyssey-india.com/>
- Buddhist Circuit Train, IRCTC's another luxury segment train that run on famous Buddhist destinations between India & Nepal, remain non-operational between FY 20 & 22 due to Covid induced pandemic. The train will become operational again in FY 23. Dedicated website for the train <https://www.irctcbuddhisttrain.com/>
- In Deluxe AC train tourism segment, Shri Ramayana Yatra is being run by IRCTC under Govt. of India Initiative 'Dekho apna desh'. In FY 22, 3 trips of Ramayana Yatra were conducted spanning across 10 cities & 6 states and onboarding 375 passengers were operated.
- Bharat Darshan/Aastha Circuit Trains & Pilgrim special tourist trains run by IRCTC to cater to the Budget class Mass tourism, had to be discontinued due to new 'Bharat Gaurav' policy that became effective on 01.04.2022. The new policy increased the fare of Bharat Darshan train substantially thus making the train operation unviable for IRCTC. However, IRCTC started to conduct the operations of Swadesh Darshan-FTR trains (not governed under Bharat Gaurav Policy) on shorter routes with 100% price increase, to retain the budget class tourists. The product has gained a healthy degree of acceptance by the budget class mass travellers showing 80 – 90% occupancy.
- IRCTC is focussing on Domestic and international Cruise service providers as well as Helicopter service providers to expand its horizon of Tourism related product & Offerings. IRCTC signed an

agreement with Cordelia Cruises, operated by Waterways Leisure Tourism Pvt Ltd in FY 22 and will now block seat with them to gain penetration into luxury cruise tourism segment.

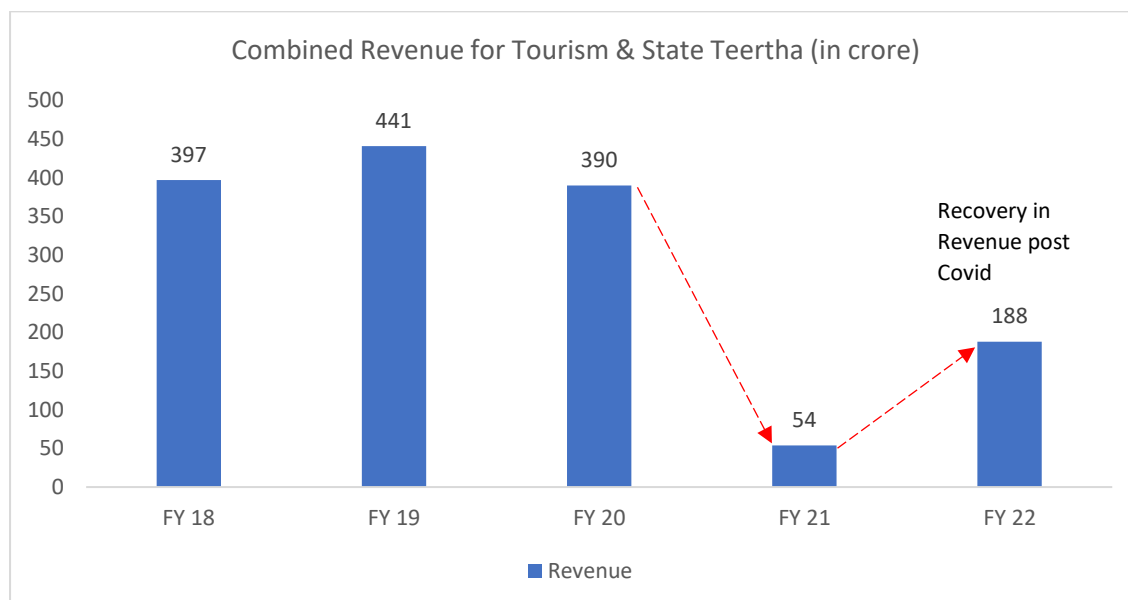
- IRCTC's tourism website (<https://www.irctctourism.com/>) & tourism app based on Android & IOS provides facility to book all tourism related products/offerings.

6.2 Financial performance of Tourism Segment (FY 18 – FY 22)

FY 21 & 22 have been Covid marred years. The entire Travel & Tourism industry came down on knees due to worldwide Covid imposed lockdown and restrictions. IRCTC too witnessed a deep cut in its revenue & profit numbers in FY 21 followed by a recovery in FY 22. Tour packages & Train operations contributed towards 80% of the total tourism Revenue earned by IRCTC in FY 22

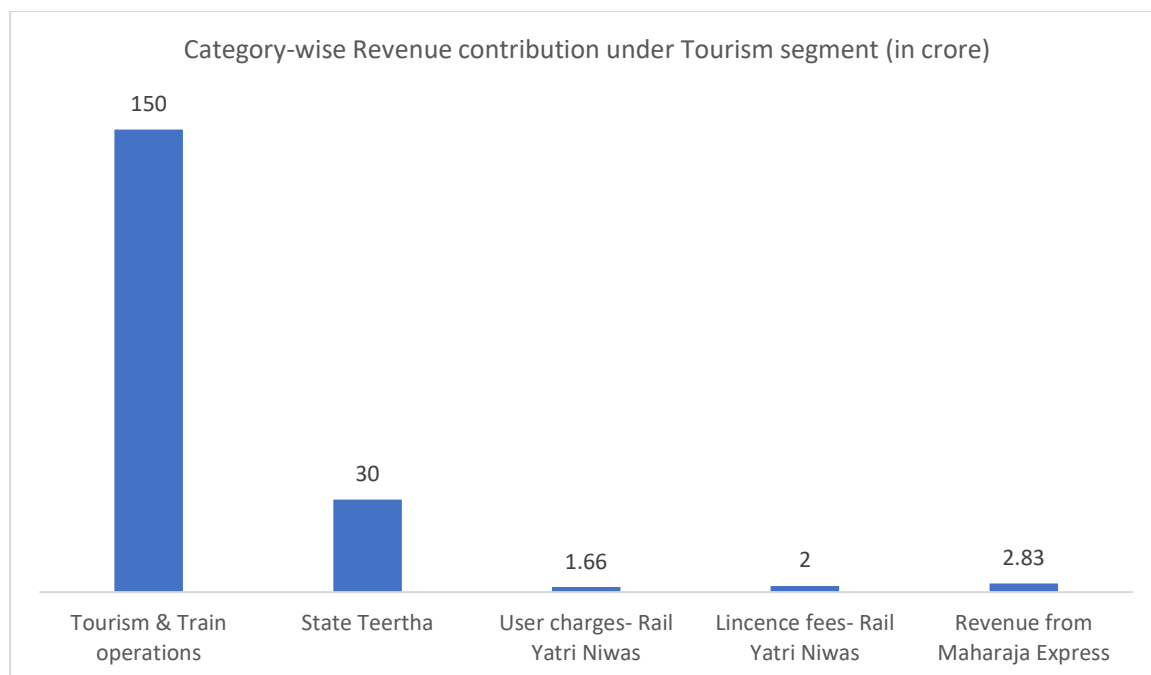
Revenue from Tourism segment

Figure 27: Tourism Revenue (FY18-22)



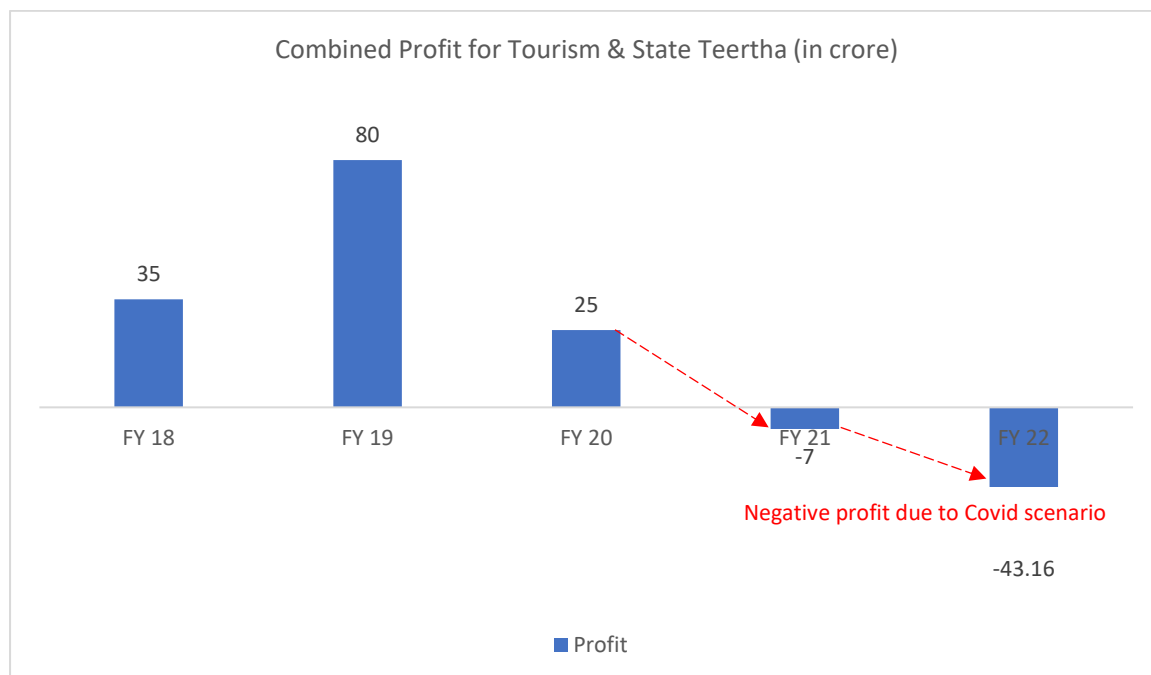
Category-wise revenue in Tourism segment

Figure 28: Product specific revenue in Tourism segment



Profit from Tourism segment (FY 18 – FY 22)

Figure 29: Tourism Profit & Loss - FY18-22



6.3 Strength Weakness Opportunity Threats (SWOT)

Strengths:

- IRCTC is leader and a mature player in conducting RTP's and has an extensive experience in Rail based tourism for domestic & International tourists.
- Proven capability in conducting mass tourism; a trusted brand by senior citizens and religious tourists
- A Govt of India's brand which invokes trustworthiness in audience's mind in terms of safety and value for money.
- IRCTC possess invaluable amount of user's demographic & behaviour-related data that can help IRCTC to provide them with focussed travel products/offerings.

Weakness:

- Low brand recall for air ticketing segment in people's minds as IRCTC has a projected image of Train ticketing and other train related service provider.
- Process of hotel empanelment is quite cumbersome owing to a lengthy process starting from long list of document requirements to be submitted by hoteliers to approvals and award issuance by IRCTC. Vis-à-vis, this process is very simple for other OTA's who just require GST, PAN, Hotel registration documents for empanelment.
- Long & Tedious process of payment to vendors for product/service booking due to finance related bottlenecks.
- Quality of Customer care centre which is being managed by a third party is not upto the mark due to lack of effective KPI's to gauge the call quality and service delivery levels.
- Lack of an automated 'Lead management system' to follow up with the potential leads and drive conversion
- Ineffective creative content & Branding strategy used for Marketing on various Social Media Channels.
- Separate apps to Train ticket booking (Rail Connect), Air ticket Booking (IRCTC-air), tourism (IRCTC-Tourism)
- Tourism app interface can be more interactive and user friendly

Opportunity:

- Business travel market size of private corporate, MSME's & Start up's is rising sharply post pandemic; IRCTC has not yet penetrated enough within Private Corporate travel services
- Growing disposable income & rising use of mobile phones and smart phones among youngsters in Tier I and Tier II cities makes them one of the most attractive target segment.
- Growing market of medical tourism in India offers opportunity to curate medical and wellness tour packages aiming at international travellers.
- Expanding operations to more circuit-based tours for better penetration
- Operational control and opportunity for advertising revenue in Bharat Gaurav Trains (In case Ministry of Railways roll out the Bharat Gaurav Policy with revised fares)
- Advent of Virtual Reality (VR)/Augmented Reality (AR) and Internet of Things (IoT) in Travel & Tourism to enhance user experience
- Tier II & Tier III markets where IRCTC digital platforms are still used mostly for train ticket booking only.

Threats:

- Emergence of new variants of Coronavirus that further restrain the revenue growth owing to any future travel restrictions
- Unpredictability due to changing policies from Ministry of Railways (MoR) that can affect IRCTC's revenues
- Strong affinity of younger travellers of age group 18 – 40 towards products/offering of IRCTC's competitors.
- Stronger grip of Competitors in offering travel solutions to Private Corporate & MSME's.
- Robust focus of Competitors on alternate accommodation segment such as Homestays and service apartments.
- Data security related challenges such as data breach & cyber-attacks can hurt company's reputation and revenues

6.4 Travel & Tourism Market of India

India has a diverse ecology, geography, and sites of natural beauty distributed throughout its 3,287,263 sq. km. total territory, which stretches from the snow-covered Himalayan heights to the tropical rain forests in the south. India being one of the oldest civilisations in the world has a deep

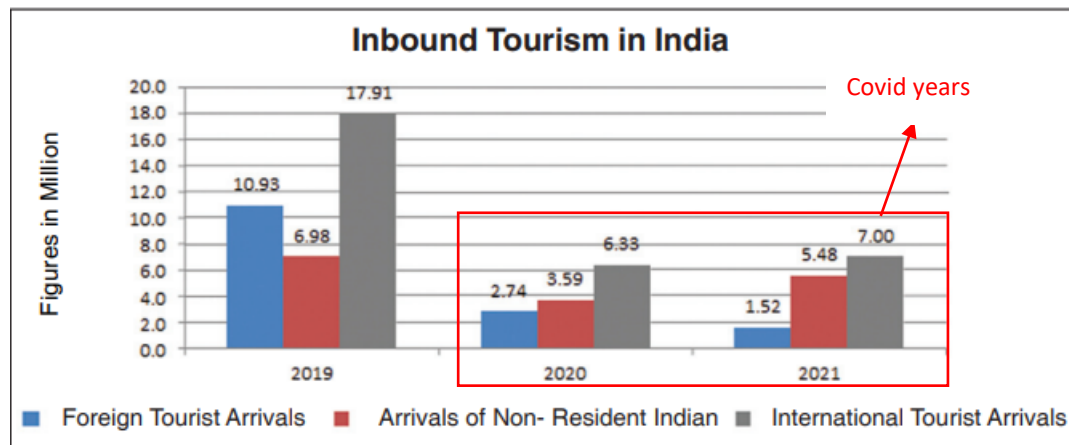
culture heritage which makes India well-liked by the tourists all across the world. This offers a crucial chance to fully realise the tourism industry's potential.

Tourism & Hospitality is one of the leading industries in India with a huge scope of growth in future. Travel & Tourism is 6th major contributor in India's overall GDP. India's ranking in the global Travel and Tourism Development Index (TTDI) was 54th in FY 22 as released by world economic forum. The Tourism sector of India has a major role to play in 'Make in India' campaign. By 2030, India's tourism is expected to contribute US\$ 250 billion to GDP and Indian tourism market to grow at a CAGR of 7 – 9%. The market is expected to reach the pre-pandemic level by mid of FY 25. International tourist arrivals are expected to reach 30.5 million by 2028. In pre-covid times (FY 20), Tourism sector in India alone accounted for 39 million jobs, which was 8% of the total employment in the country. By 2029, it is estimated to account for 53 million jobs in the sector. It is estimated that outbound trips from India will touch 29 million by 2025.

Inbound, Outbound and Domestic Tourism Market Statistics

Inbound Tourism in India between FY 20 & FY 22

Figure 30: Inbound Tourism Market statistics



Top 5 markets that contributed to India's FTAs in FY 22 are USA (0.43 million); Bangladesh (0.24 million); UK (0.16 million); Canada (0.08 million); Nepal (0.05 million) respectively.

Figure 31: Purpose of FTA travels in India in FY 22

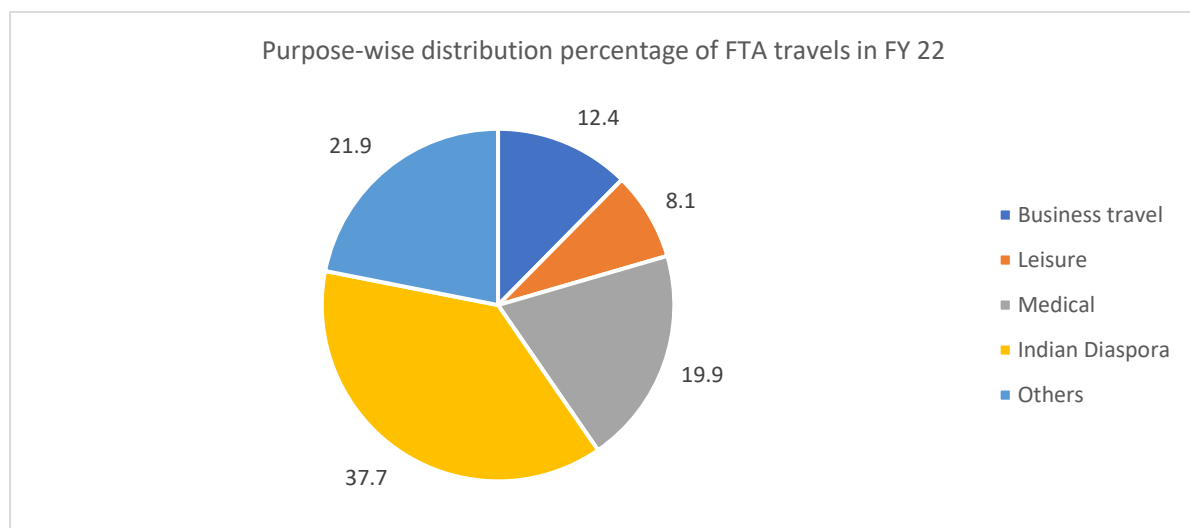
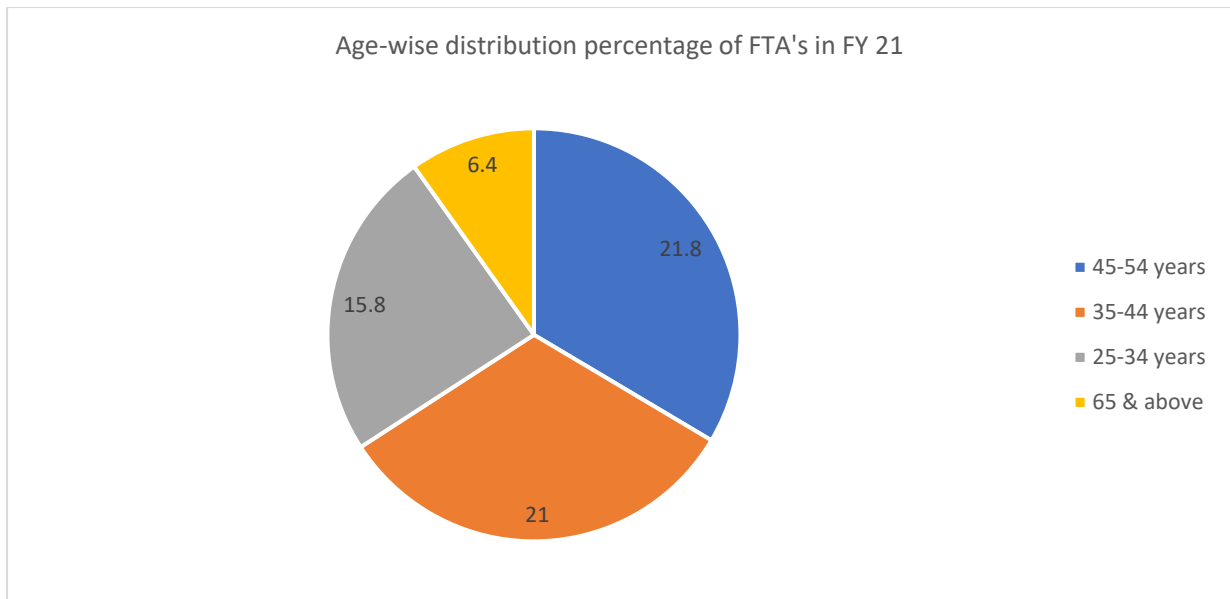


Figure 32: Age wise % of FTA in India - FY 22



Outbound Tourism

Indian national's departures (IND) grew at a CAGR of 4.90% between FY 90 & FY 20. However due to Pandemic related travel restrictions and subsequent lockdown world wide in year 2020, IND witnessed a degrowth of -72.9% in FY 21 over FY 20. But in FY 22, it registered a positive growth of 17.23% over 2020.

India's outbound tourism market is estimated to expand to 11.4% CAGR between 2022 – 2032.

Figure 33: IND Departures trend in India

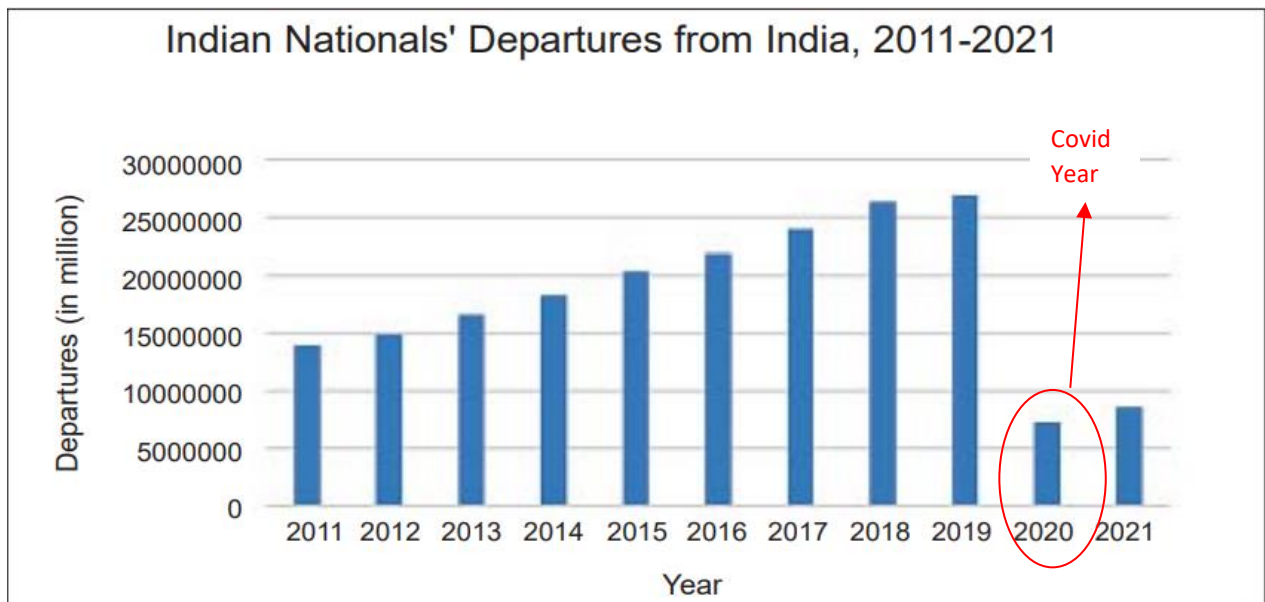


Figure 34: Age-wise Distribution of INDs - FY 22

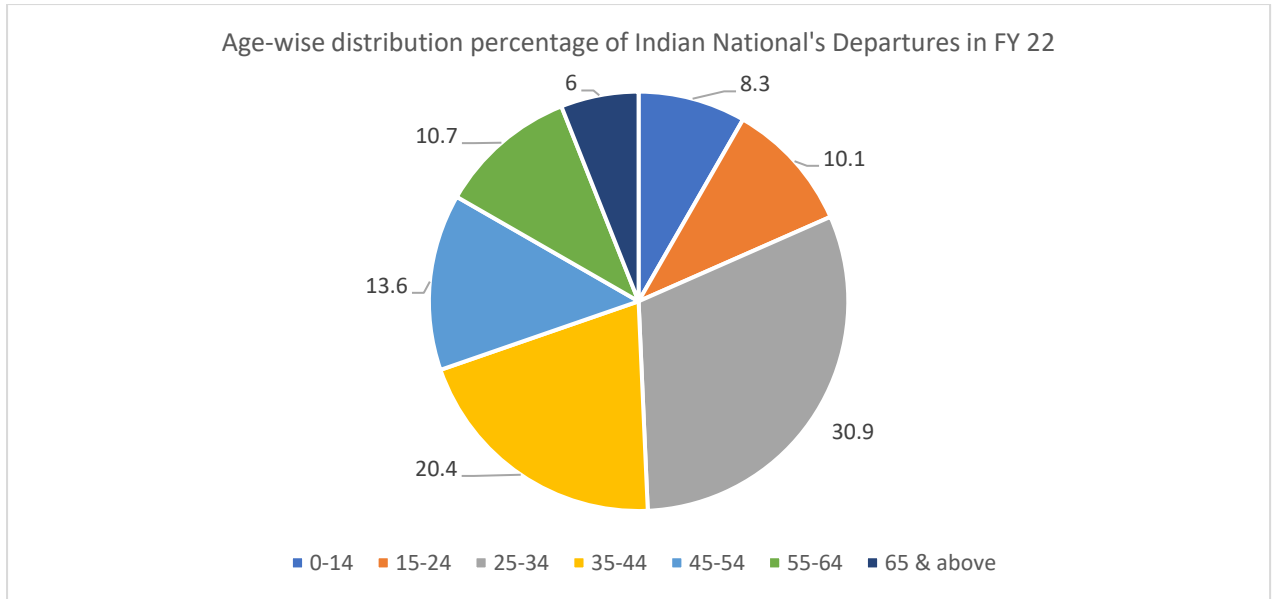
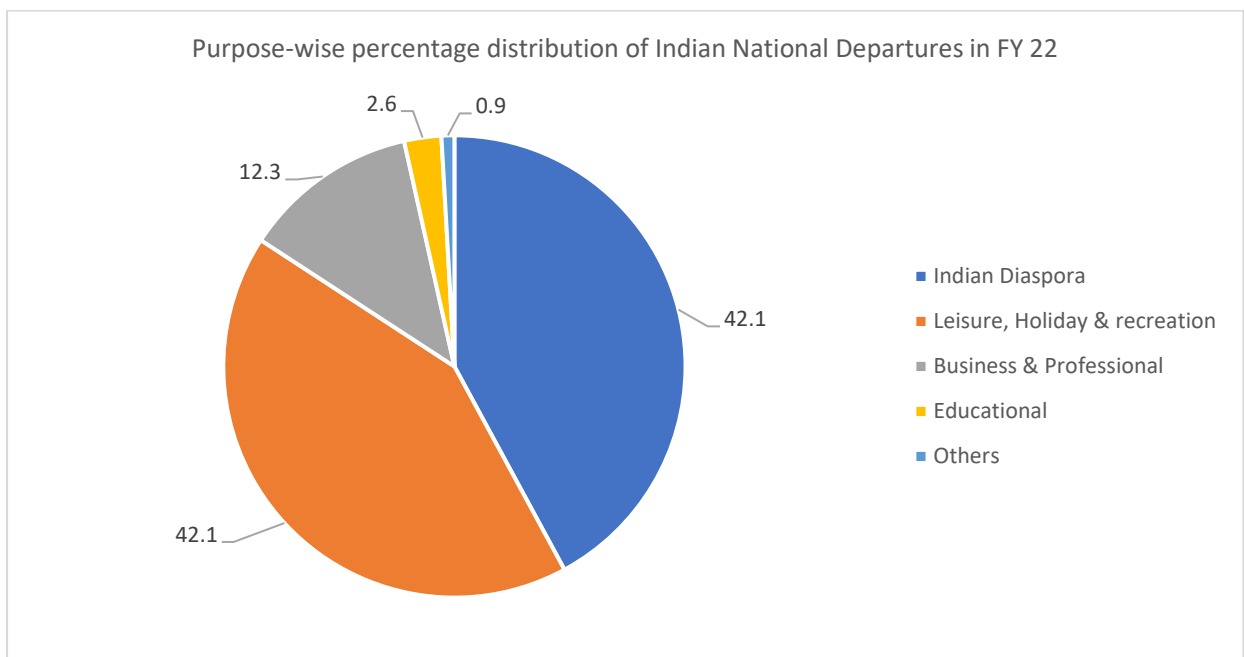


Figure 35: IND departures in FY 22 (Purpose-wise %)



Out of total Indian departures in the year 2019 (Pre-Covid), persons going for Leisure, Holiday & Recreation were at 31.9%. In the category of 'Leisure, Holiday & Recreation', 63.0% of the Indian departures were to South Asia which were followed by South East Asia (56.2%), Africa (33.2%), East Europe (33.0%), Australasia (32.4%), West Asia (29.3%), North America (21.7%), Central & South America (17.9%) Western Europe (17.5%) respectively.

Domestic Tourism:

Domestic tourist visits to all States/UTs from 1991 to 2021 grew at a CAGR of 7.8% between FY 90 to FY 22. Annual growth of domestic visitors to states/UTs declined by -73% in FY 21 but saw an increase

of 11% in FY 22. Whereas annual growth of foreign visitors to states/UTs registered a growth of - 85.29% over FY 21.

Figure 36: Domestic Tourist Visitors trend in India

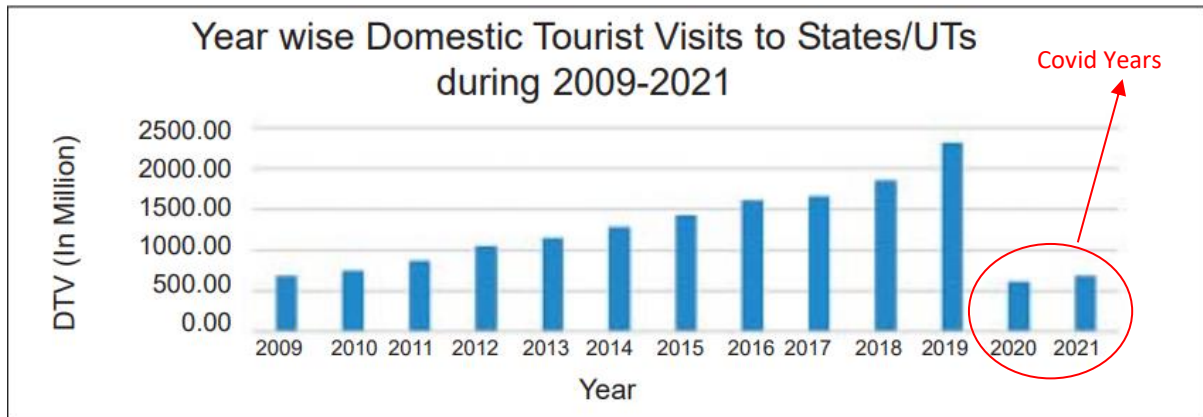
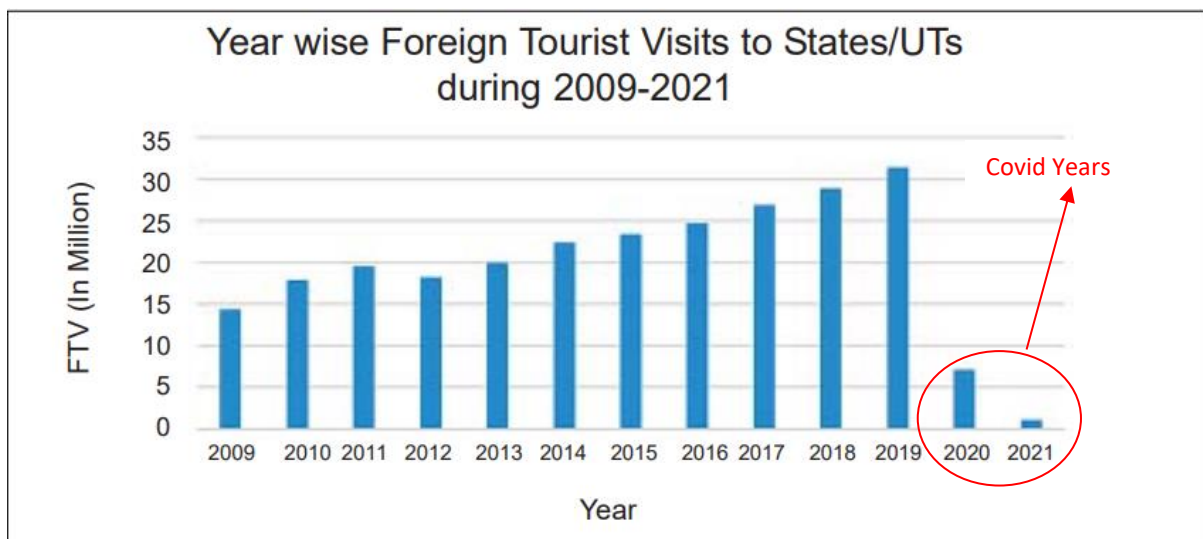


Figure 37: Foreign tourists visits Trend in India



6.5 Growth Drivers for Tourism Sector

Govt. of India has a relentless focus on boosting domestic and international travel & Tourism sector owing to its potential of earning foreign exchange along with job creation opportunities. Some of these initiatives are as following:

1. **Swadesh Darshan initiative of Ministry of Tourism and Infrastructure development:** The scheme was launched in 2014 – 15 aiming to promote theme-based tourism in India. As a part of the scheme, as of March 2022, Govt. had invested ₹ 5,500 crore (US \$ 687.84 million) and sanctioned over 76 projects across 31 states and UT's. Ministry of Tourism also developed tourism infrastructure at more than 500 tourist destinations. In FY 2022-23's Union Budget, Rs. 2,400 crore

(US\$ 309.13 million) has been allocated to the Ministry of Tourism which is 18.42% higher than the allocation for FY 2021-22.

2. **Prasad Scheme of under Ministry of Tourism** to augment religion and pilgrim-based tourism in India
3. **National Integrated Database of Hospitality Industry (NIDHI):** NIDHI is a GOI initiative to empower hospitality sector of India under Atmanirbhar Bharat initiative to empower businesses using technology. As of 27 August 2022, a total of 45,152 accommodations were registered under this portal.
4. **Various advertising campaigns from Govt. of India:** Campaigns such as 'Incredible India' helped positioning India as a melting pot of various cultural at an international scale. In further continuation of the campaign, Ministry of Tourism showcased India's tourism wealth to the world through Arabian travel market.
5. **Wellness and Medical Tourism:** India has emerged as destination for economical treatment, quality healthcare infrastructure and skilled trained doctors. The Medical tourism market is expected to grow at a CAGR of 19% % during 2022-2032, with market size estimated to be valued at US\$ 7,417 Million in 2022 and projected to surpass US\$ 42,237.47 million by 2032. More than 2 million patients visit India each year from CIS, Africa and Middle East to seek quality healthcare. Govt of India's Heal in India initiative further traction in this sector and make this is an industry that creates jobs, Govt of India has been taking several initiatives such as Issuing Medical visa to foreigners travelling from abroad for medical reasons, Promotion of Medical & Health Tourism at various international platforms such as World Travel Mart – London, ITP – Berlin, etc.
6. **The expanding middle class bracket and increasing disposable income:** These factors together are poised to give thrust to the outbound and domestic tourism in India. By 2030, India will witness 4x growth in consumer spend and there will be more than 1 billion internet users. Due to upward income mobility, approx. 140 million households will move into the middle-class bracket and 20 million into the high-income bracket. People will spend 3-4x more on services including entertainment, as per a report published by the World Economic Forum
7. **Increasing impact of social media and rising use of smart phones:** social media has become a strong tool that influences people's choice of travel destinations through pics, other people's opinions & experiences. Younger demography is increasingly using smartphones to search about places they can travel and to book their travels and related services.

6.6 Strategic Growth Plans for Tourism

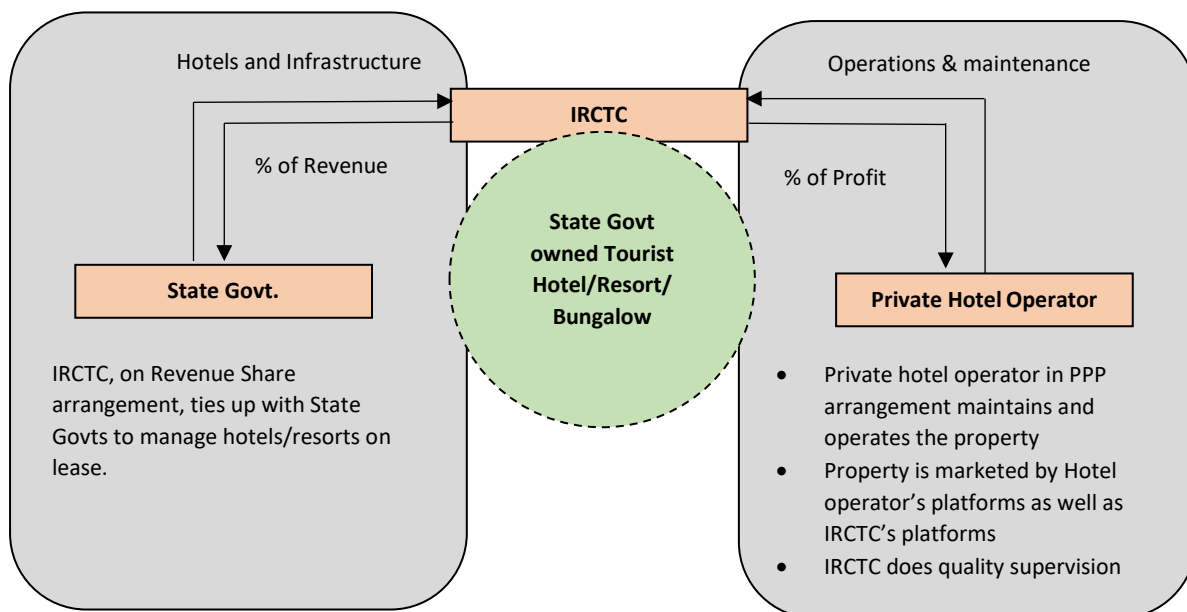
6.6.1 Tie up with State Tourism Boards for hotels and resorts under them to manage their operations from a zero land investment perspective

Tie up with State Tourism Boards for hotels and resorts under them to manage their operations from a zero land investment perspective

Overview of Idea:

State Governments in India own several tourist hotels, resorts and bungalows across India's finest tourist locations. These properties are situated at the most picturesque locations such as lakeside, cliffs, valleys, heart of tourist cities, nearby railway and bus stations but several of them are not managed well. As a result, the quality of service is not upto the mark and these spots do not reflect on the minds of tourists hence several of them may be loss making.

IRCTC can identify such properties located at prime tourist spots and tie up with State Government in a revenue share model to develop and manage them. Experienced hotel operators can be onboarded (PPP) model to maintain and operate such properties and IRCTC can remain involved in quality monitoring and supervision of the hotel operations.



All marketing activities to promote the property can be done jointly by IRCTC, State and Private Hotel Operators however, all bookings to be done only through IRCTC's platform for single-source tracking. By doing this, IRCTC shall be able to generate revenue without need for investing heavily on land acquisition and hotel construction activities.

Business Model:

Tripartite Agreement between IRCTC, State and the Private operator

- **Infrastructure** - State will license its Hotels/Resort/tourist bungalows to IRCTC.
- **Operations** - IRCTC will have rights from the state to sub-license the operations of the Hotels/Resort/tourist to the third-party Hotel Operator on PPP model who will operate and maintain the state-property
- **Quality Supervision** – IRCTC will depute its own staff for overseeing the Hotel operations
- **Marketing** – State, IRCTC and Hotel Operator to conduct marketing efforts in collaboration as well as through their individual Social Media platforms. Special targeted campaigns to be done by IRCTC, State and Hotel Operator around special occasions such as State festivals, holiday seasons, any other special event, etc.
- **Bookings**- All bookings to be done through IRCTC Platform only.
- **Revenue & Profits**
 - Pre-decided revenue share between IRCTC and the State
 - Pre-decided profit sharing between IRCTC and Hotel Operator
- **Highlight** – Zero investment from IRCTC on land and hotel construction

Revenue Projections:

Year	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28
Revenue (INR crore)	6	9	12	14	14
Operating Profit (NR crore)	4	7	9	11	11

6.6.2 Development of Travel & Tourism products/services catering to new & emerging segments (Young travellers 18 – 39 years of age)

Young travellers in millennial & Gen Z segment have redefined tourism. The youth of today looks at travel as a 'liberating and life-enriching experience' that unfolds new moments, learnings and opportunities for them. Disposable income is higher in the hands of Millennials and Generation Z. Though the purchasing power is higher in this segment of the demography however, they still believe in budgeting their travel and getting maximum value in terms of experience they can gain from their travel. They look for an immersive travel experience that they can share on social media. Millennials are the first of any generation that were raised among the internet culture. The rising smartphone penetration is an added milestone.

At present, IRCTC has no focussed travel and tourism packages specially to garner interest from Millennials and Generation Z. The way people in the age group 18 – 39 years post and talk about their travel experiences on social media has a huge potential of unearthing new channels of engagements, awareness, growth & revenue for IRCTC.

Curated/Boutique Adventure & Eco tourism packages on PPP model for 18 – 39 age group

Background

Adventure & Eco-tourism are one of the key segments to promote sustainable tourism. In this new era of tourism, People in the age group of 18 – 39 years like to go for either solo travels or to travel in a group of four to eight friends. They want their boutique/curated packages capable of giving them 'experiential' travel lined with thrill as well as cultural immersion.

Market Statistics:

As per a research report, the adventure tourism market valued at \$112,227 million in 2020 is forecasted to grow at a CAGR of 20.1% to reach a market value of US\$ 1,169,095 million by 2028. In 2019, India's ecotourism industry was valued at US\$ 2.2 billion and is estimated to grow at CAGR of 20% and cross US\$ 11.6 billion by 2028. In the same year, India's adventure industry was valued at US\$ 0.3 billion and is expected to grow at a CAGR of 20% too and cross US\$ 2.0 billion by 2028.

Eco Tourism and Adventure tourism is a niche segment in India that has been on rise in last 5 – 6 years and Government of India is adopting to a focussed approach towards promoting it under the sub-brand name 'Incredible India':

- **Hard Adventure Activities:** High altitude mountaineering, river rafting, scuba diving, hang gliding, skydiving comes etc.
- **Soft Adventure Activities:** Hiking, camping, biking, bird watching, nature trailing, etc. come under soft adventure activities

Business Model:

- a) **Partnering with skilled & certified operators** - IRCTC will enter into this segment through Private Partnership Model (PPP) and empanel the skilled and certified Eco-tour, Adventure tour, Farm stay operators and other service providers in this field located in cities/towns/districts/villages. The Empanelment criteria will be aligned with Ministry of Tourism's assessment criteria with a focus on Safety, Service Delivery Standards, Quality, Environment parameters. The tour/farm operators and service providers will curate the activity-based tourism packages and operate them. IRCTC will be engaged in monitoring/supervision of the quality, safety, service delivery and environmental standards to be adhered by the operators.
- b) **Upskilling and Competence building of non-certified operators** - Since Eco-tourism, Adventure tourism, Farm Stays are still in nascent stage in India and there is huge scope for upskilling and competence building of Local community operators, Adventure and Eco-tour operators, Farm stay operators and other service providers. IRCTC is a mature organisation with significant experience in travel and tourism. Therefore, IRCTC will partner with Ministry of Tourism to become their training and certification partners for promoting Adventure and Eco-tourism.

Revenue:

- Through listing charges and License fee with partner operators
- Through skill training and/or certification services to the Operators

Revenue Projections for travel & tourism and Revenue projections for training the operators on behalf of Ministry of Tourism on Eco & Adventure Tourism.

Revenue

Year	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28
Revenue (INR crore)	8	14	19	24	29
Operating Profit (INR crore)	2	4	6	8	10

6.6.3 Alternate accommodation services through Homestays and Service Apartments

Background:

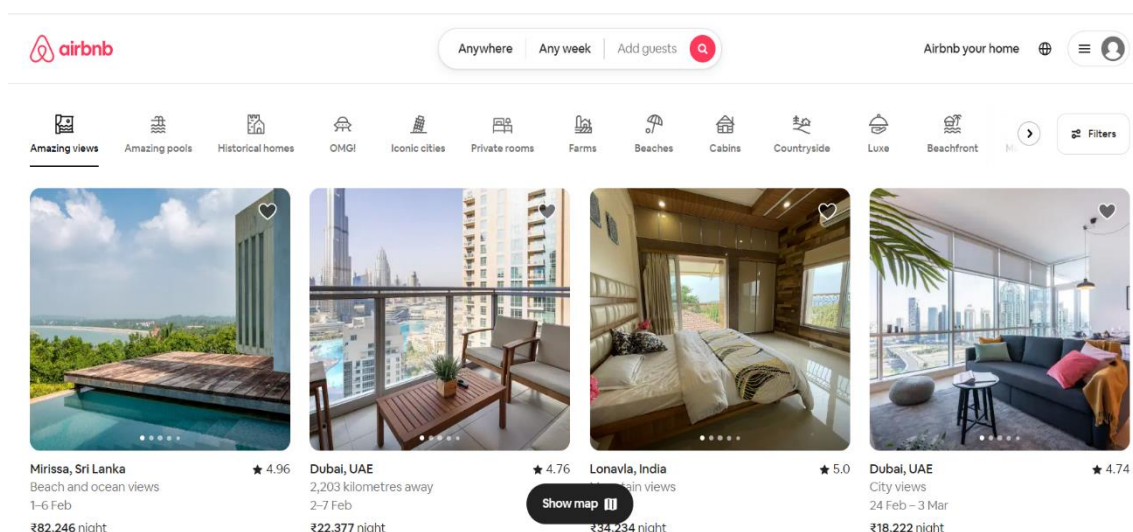
Service apartment/Villa is a fully furnished unit that provides home like amenities along with hotel like amenities for short/long-term leisure/business travellers. Medical tourists generally prefer staying service apartments.

Whereas homestay provides an opportunity to the traveller to stay with the local family, share their residence and experience their hospitality for a fee. Home cooked food is an added value to the overall stay & stay experience of the traveller. This is a niche segment in travel & tourism however it has been gaining popularity among seekers of independent leisure, gen-Z & millennials, and travellers who are seeking local and cultural experience which hotels cannot offer. Post Covid, there has been a 30 – 40% uptick in the alternate accommodation segment. Several state governments such as Uttarakhand, are adopting a focussed approach in the development of Homestays to promote eco-tourism and sustainable livelihood for locals. According to a survey by the Ministry of Tourism, there are 2 lakh fewer hotel rooms available for tourists in India. In such a scenario, alternate accommodation become all the more important for hospitality segment.

Competition in the segment

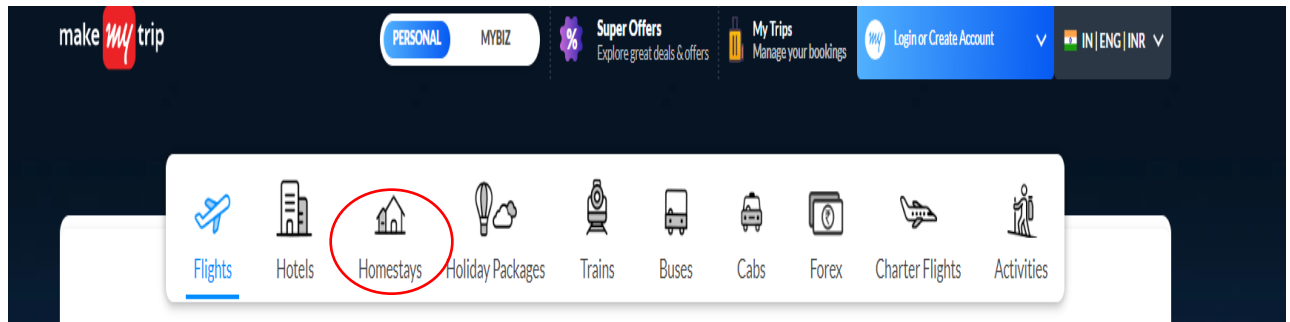
1) Airbnb

It's a major player in the segment of Homestays and acts as a transaction facilitator between Homestay service provider & the traveller.

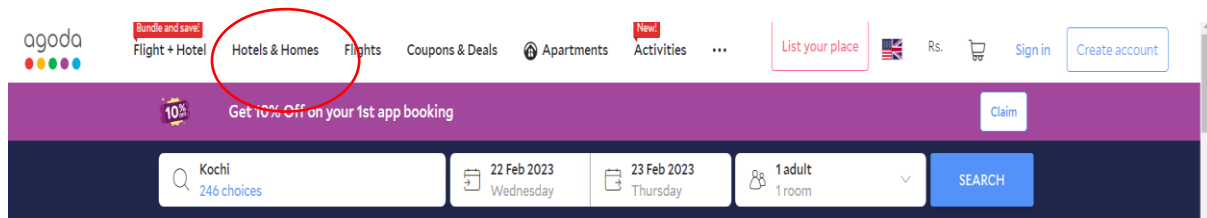


2) MakeMyTrip

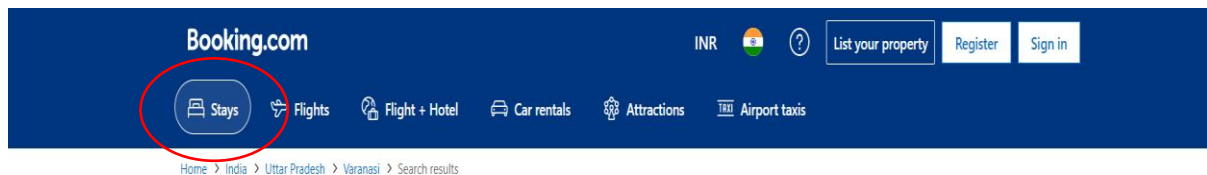
The company has witnessed 70% spike in homestay bookings in 2022 compared to pre-pandemic levels. MMT plans to add 15,000 homestays in next 18 months realizing the potential of the segment.



3) Agoda



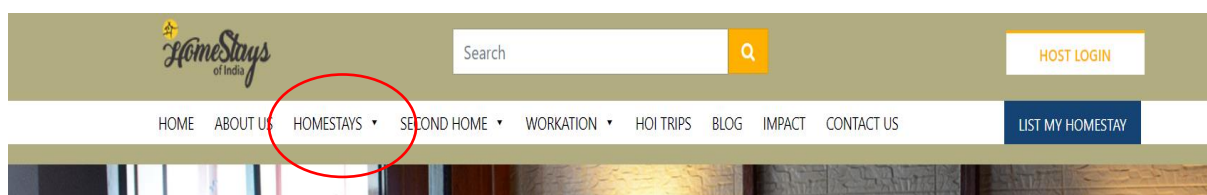
4) Booking.com



4) Yatra



5) Homestays of India



Business Model

IRCTC can create an aggregator model for partnering with licensed mid to deluxe category of service apartments and homestays. The Service providers and homestay owner will be empanelled by IRCTC on stringent parameters of Safety, Security, Experience, Quality, service delivery, background check parameter of the owner as well as their staff and other Service delivery standards. In browser/ in-app feature such as 'be a homestay partner' option could be created from where the homestay owners can initiate the onboarding process with IRCTC.

Revenue

IRCTC will generate the revenue through listing charges, revenue share with the Homestay & Service Apartments partners and convenience fee paid by the user.

Year	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28
Revenue (INR crore)	6	7	9	10	11
Operating Profit (INR crore)	4.7	5.5	7.4	8.4	9

6.6.4 Customised B2B self-booking portal for private corporates and MSME's for air, train travel and ancillary bookings – Booking portal + Chatbot + 24*7 Corporate help desk

Business travel/Corporate travel means any domestic or international trip taken by the corporate employees to fulfil the business-related needs such as meetings, conferences, product launches, trainings, etc. Business trip generally entails aspects such as Ticket booking, lodging, dining, transfers, etc. The travel business market of India stood at US\$ 31.7 billion in 2021 and is expected to reach US\$ 55.2 billion in 2027 registering a CAGR of 8.1% for the period 2022 – 2027. Since January of 2022, the corporate travel segment started showing green shoots after two years of dullness due to Covid pandemic. As per a trend report, travel bookings in business cities registered a very healthy 88% YoY growth between the period April to November of 2022 as compared to the same period in the preceding year.

Top 10 booked business cities in India	Growth in 2022 VS 2021
Delhi	50%
Hyderabad	100%
Bangalore	128%
Kolkata	96%
Chennai	103%
Pune	121%
Mumbai	43%
Gurgaon	73%
Noida	85%
Lucknow	64%

Key players in corporate travel booking segment:

- MakeMyTrip – Corporate bookings in 2022 witnessed 22% rise compared with pre-pandemic levels
- Oyo – 83% growth in business bookings between April & November 2022 compared to the same period in preceding year
- Cleartrip – 20% of the overall bookings were business bookings which is a spike since its revamp in January 2022
- EaseMyTrip – 5 times more business bookings in the first six months of FY 22 compared with same period in preceding fiscal
- Oyorooms

Uncertainties for business travel segment in near future:

- Impending global recession
- Geopolitical situations due to Russia-Ukraine War
- New emerging variants of Coronavirus
- Rising inflation; travel being a discretionary expense in any business is prone to take the backlash due to cost-cuts and budgetary limitations of corporates

Business model:

IRCTC could develop & provide a one stop self-service travel booking portal offering best corporate deals on domestic & international flight booking, Train booking, hotels booking, bus & cab booking services, MICE related booking services, etc. to B2B customers that will work like a B2C portal. IRCTC

could develop customized categories of 'Train plus hotels' and 'Flight plus hotels' to cater to Corporate travel needs in a better way. The portal would address the travel needs of Mid to large sized corporates, MSMEs and start-ups. Features to be included into the online corporate booking portal for enhancing booking experience:

- The portal will allow employees & travel manager to book the travels themselves or pay via Client's centralized e-wallet that IRCTC would create. Bulk bookings will also be allowed.
- Invoices generated will be GST invoice with due GST credit given to the organization
- Portal's ability to integrate with client's expense & approval management tool as well as client's ERP to get travel approvals and settle travel expenses
- Incorporating client's travel policy into the portal and ensuring its compliance by portal's ability to raise flag if the booking being attempted falls outside the client's travel policy.
- Dedicated admin dashboard to increase travel visibility through the portal

IRCTC's special dedicated team will work with service providers & hotel operators to fetch the best deals for the clients. Value-ads such as complementary meals in the flight, free upgrade, special seat selection, etc. has to be worked by with the service providers to enhance the overall travel experience of the corporates.

The travel portal could be further enhanced by integrating the AI based chatbot support as well as 24*7 Corporate support helpdesk for any further assistance required by the Client.

Revenue generation source

Convenience fee from business, airlines and customer.

Revenue projections

Year	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28
Revenue (INR crore)	8	9	13	15	18
Operating Profit (INR crore)	7	8	11	13	15

6.6.5 Development and expansion of Budget Hotel Chain on PAN India basis

Overview

Post Covid, sharp uptick is witnessed in tourism & MICE segment which will propel the growth of hotel industry as well. Recent industry data indicates 55% increase in room demand Y-o-Y between Jan – Aug 2022 whereas room supply increased by only 1-3 per cent. IRCTC aims at launching

greenfield budget hotels at the tourism destinations shortlisted by the Ministry of Tourism. At present there are 3 budget segment hotels that are under construction which will be operational in 2023 – One in Lucknow, Khajuraho and Kewariya each. IRCTC plans to continue expanding this segment in future by adding more budget hotels to the chain across India to cater to the need of budget customers.

Implementation

IRCTC purchases land from State Govt on lumpsum basis to develop new hotels in the budget segment. The Projects are executed on PPP under Built, Operate & Transfer (BOT). The to operator will be onboarded through tendering process and the license shall be awarded to the operator for long term. The operator needs to be from the Hotel background itself and should have operational knowledge of the domain. The operator shall pay annual license fee in lieu of license right of the site:

Total Annual License Fee = Fixed Licence Fee (A) + Variable Licence Fee (B)

IRCTC will be involved in monitoring and supervision of the hotel operations. The terms & conditions of service delivery, quality, technical specifications, etc. will be guided through a contract between IRCTC and the operator. It will take around 18 – 24 months to construct the hotel. Hotels will be jointly marketed with the to build visibility for the product in the market.

Revenue

IRCTC will generate revenue through the license fee to be paid by the hotel operator annually to IRCTC.

Revenue projections

Year	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28
Revenue (INR crore)	3	4	5	6	8
Operating Profit (INR crore)	2.7	3.6	4.5	5.4	7.2

6.6.6 Revenue Generation through Medical Tourism

Overview of the segment

India is considered in one of the top destinations that hold medical value in the world. As per a report, every year around 2 million patients visit India from 78 countries in search for medical, wellness and IVF treatments generating \$6 billion for the industry. This is expected to reach \$13 billion by 2026 supported by the government's Heal in India initiative. This, in future, will not only generate jobs, profits and forex for hospitals but will also create very valuable soft power for India strengthening its position as one of the most preferred destinations for medical tourism.

India is uniquely positioned in the medical tourism field due to its ability to provide modern as well as traditional medicine. Chennai, Mumbai, Hyderabad, New Delhi and Bangalore are the most strategic locations for Medical Tourism in India as India's best healthcare infrastructure is located in these cities.

As per a report, India Medical Tourism Market is expected to generate US\$ 35.12 Billion in 2027 from US\$ 5.63 Billion in 2021. India Medical Tourism Market is expected to expand at a CAGR of 35.68% from 2021-2027

Factors favouring India's position as Medical hub:

- The world-class doctors and hospitals.
- The cost of the treatment is a fraction of the price in the source markets.
- There is no waiting period for various medical processes.
- Increasing popularity of India as a medical tourist destination in the African, Middle East & Asian countries.
- Eastern Healthcare Wisdom along with the expertise of Western Medicine.

Background of the plan to develop & expand Medical tourism portfolio

To capitalize on the segment and take Govt's Heal India initiative forward, IRCTC is focussing on developing the Medical tourism portfolio and expanding it. IRCTC partnered with a Medico-technical service provider on Proof of Concept (POC) basis for 6 months. The service provider would generate online leads for medical tourism, nurture them and follow up with them with an aim to drive conversion. On the basis of encouraging analytics generated from the proof-of-concept level, IRCTC has decided to penetrate into this segment formally with a full-fledged medical tourism portfolio.

Implementation

Implementation will be done through Expression of Interest (EOI). The portfolio will be launched on an aggregator model by empanelling the medical tourism service providers operating in the medical services ranging from In-patient Department (IPD) to Outpatient Department (OPD) with wellness solutions.

Revenue

Revenue will be generated by the partner medical service provider which will be shared on a pre-agreed percentage between the medical service provider and IRCTC.

Revenue projections

Year	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28
Revenue (INR crore)	25	35	49	68	95
Operating Profit (INR crore)	20	28	40	56	78

7 Effective Branding & Marketing strategies for Social Media

7.1 Centralization of all Marketing Activities

The marketing strategy and development of marketing material for all products/offerings is generally done by corporate teams centrally and then cascaded to zonal teams for further delivery into their own networks. However, over the course of time, IRCTC has developed a plethora of products whose creative content design and development for marketing purposes is done by zonal teams themselves without inputs from corporate teams.

IRCTC could hire a private agency to design and develop the marketing strategy as well as content of all products with collective inputs from corporate and zonal team. This is required to maintain uniformity in the content being posted on social media and effective branding.

7.2 Optimization of Website and Mobile App user interface

Website

At present, there are separate microsites for buses, flights, Hotels & Holidays and catering integrated within the main website (www.irctc.co.in). When the user clicks on any of the offering, they get redirected to the respective microsite.

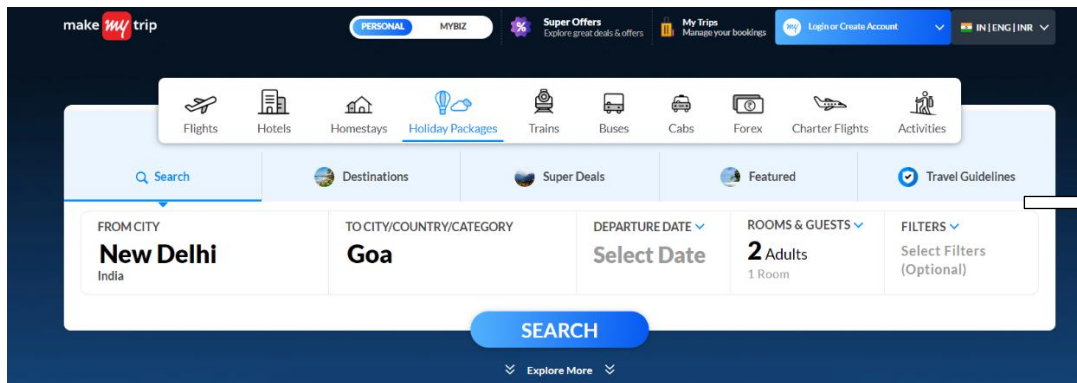
- Bus booking: <https://www.bus.irctc.co.in>
- Flight booking <https://www.air.irctc.co.in/>
- Hotels & Holidays: <https://www.hotel.irctctourism.com>
- Catering: <https://www.ecatering.irctc.co.in>

This is not an ideal user interface. Website must be optimized to give user an 'In App' kind of a feel, easy navigation with minimum no. of clicks to enhance user experience and browsing time on the website.

Example: Holiday Package Search on Make My Trips's travel portal

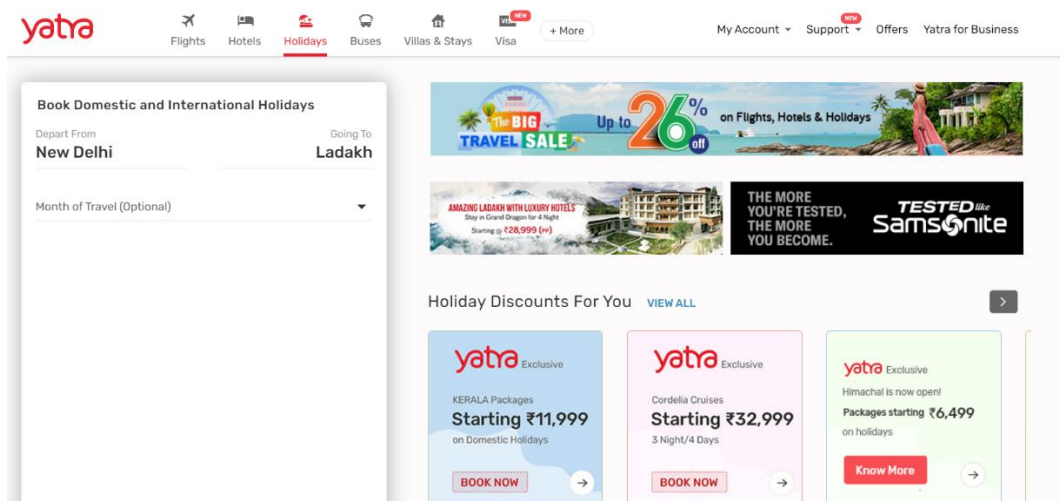
1. Search panel is neatly displayed on the top of the portal for ease of search by the user according to their travel departure & destination points, travel dates, room requirement.
2. User can do a quick search just by 'destinations,' 'superdeals,' too etc.

These feature makes the search easy and pointed for the user.



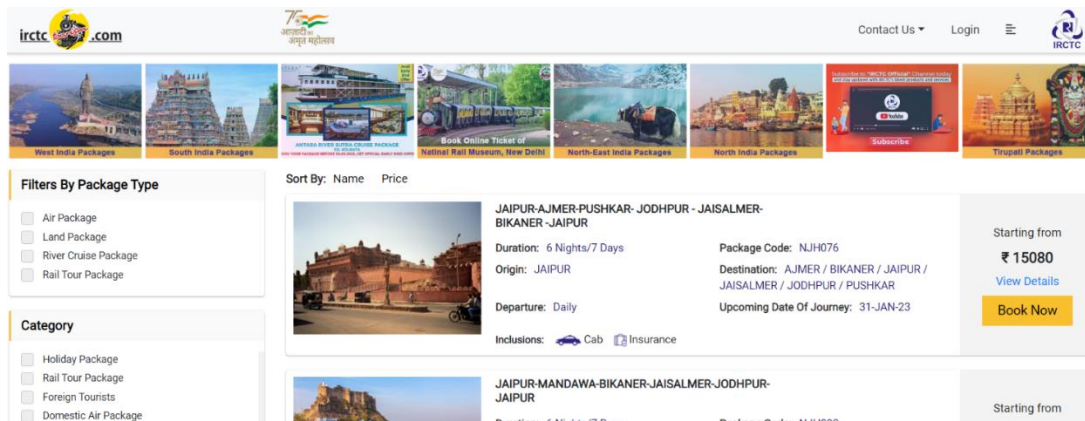
Example: Yatra.com

1. There is an easy search panel widely displayed to let users search the most suitable package for them according to their departure and arrival destinations.



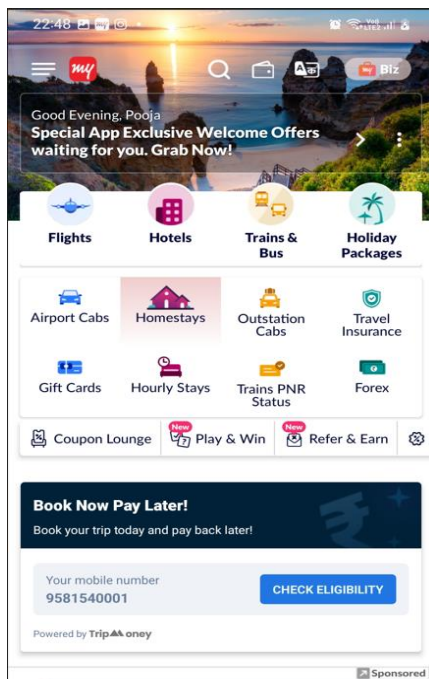
Tour package portal of IRCTC

Ease of search is low because of lack of an easy search panel on the top. Though there is a search panel on the side but that that is not very user-friendly. Top section of the website is the most navigated section of the website. The placement of a well-designed, easily noticeable search panel on the website using search parameters such as 'Depart city', 'Destination point', 'Duration', etc. is a decisive factor in driving user experience.



Mobile App

IRCTC gives users different apps for its services – ‘Rail Connect’ for train ticket bookings, ‘IRCTC tourism’ for hotels & tour packages, ‘IRCTC Air’ for flight booking, ‘Food on track’ for E-catering. It can be a huge roadblock in driving app downloads and driving sales through mobiles in the fast-changing world of Mobile technology. There are over 1.2 billion mobile users and 600 million smart phone users in India. Between Jan – May 2022, in the travel category, there were about 1.48 billion app downloads out of which India had a major share of 15% 220 million travel app downloads. IRCTC must develop a super-app from where all individual products & offerings can be accessed by the user instead of the need to download individual apps for individual products. This is critical to UX.



MakeMyTrip's App:

A one stop app for travel & tours related offerings

User can select the desired product and start navigating

IRCTC would partner with Private agency to develop one stop mobile app to manage all apps of IRCTC through single interface for better user experience. Similarly, IRCTC would also hire private agency to develop a consolidated website to host all products/offering through a single window instead of multiple macro site catering to different products of IRCTC.

7.3 Collaboration with PAN India as well as Regional Influencers

Influencers already have a substantial follower base that IRCTC can leverage through mutually beneficial collaboration. It has long term benefits in establishing awareness, engagement that eventually has potential to drive sales. IRCTC could collaborate with influencers as a part of their marketing strategy.

Collaborating with regional influencers in South-East Asian countries, and European countries can also be a good strategy to market Luxury segment trains in the respective markets. Before empanelling the influencer, it is important that:

- Purpose of collaboration is made clear such as creating awareness or increase website traffic or drive bookings
- Influencer aligns with the interest of the company example hotel influencers, travel influencers, etc.
- Influencer has been generating high quality content for audience
- There is a clear setting of expectation that what value influencer needs to bring for the Company and what the Company can offer in return. The contract should be mutually beneficial for both the parties.
- Effective KPI's should be in place to measure the performance on Influencer Marketing i.e., Reach, Engagement and conversion.

Metric	KPI
Reach	Number of Impressions
Engagement	Number of likes, comments, shares
Conversion	Expression of action such as No. of people of booked tour or hotel, etc.

7.4 User generated Content:

Since IRCTC carries out most of the activities on social media organically, user generated content is a great way to drive awareness and engagement with the brand organically. This, in course of time, translates into the top line growth too. In travel and tourism sector, users book their packages or travels after sufficient online researching and checking user reviews. 40% of times users will not book a property or a tour package that does not have good reviews.

IRCTC can develop a dedicated section on their Mobile App and website to showcase user generated content such as pics, videos, texts about their travel & stay with IRCTC which organically will push new users to try IRCTC's products.

7.5 Impactful marketing strategy and creative content

7.5.1 Marketing Strategy

Social Media strategies and creative content should be optimised according to the Social Media Platform and the user demographics on the platform.

Social media posts which engage people are quite effective in driving awareness. Videos get better impressions than static posts. Another great way to engage with people is through '**Meme-based marketing**'. Memes are engaging post with a dash of humour and sarcasm. Memes about the latest events related to politics, entertainments, famous dialogues/quotes, drive a decent amount of traction as per the latest marketing trends on social media. Many major brands in India are making use of Meme Marketing as a growing trend to increase their reach and engagement. Memes have great potential of connecting with the Millennials and GenZ. The Meme should have an underlying powerful message that can create humour as well as instant connection of the audience with your brand. IRCTC can collaborate with Meme marketers to develop Meme based marketing strategy for Social Media platforms.

Some examples of Meme Marketing:



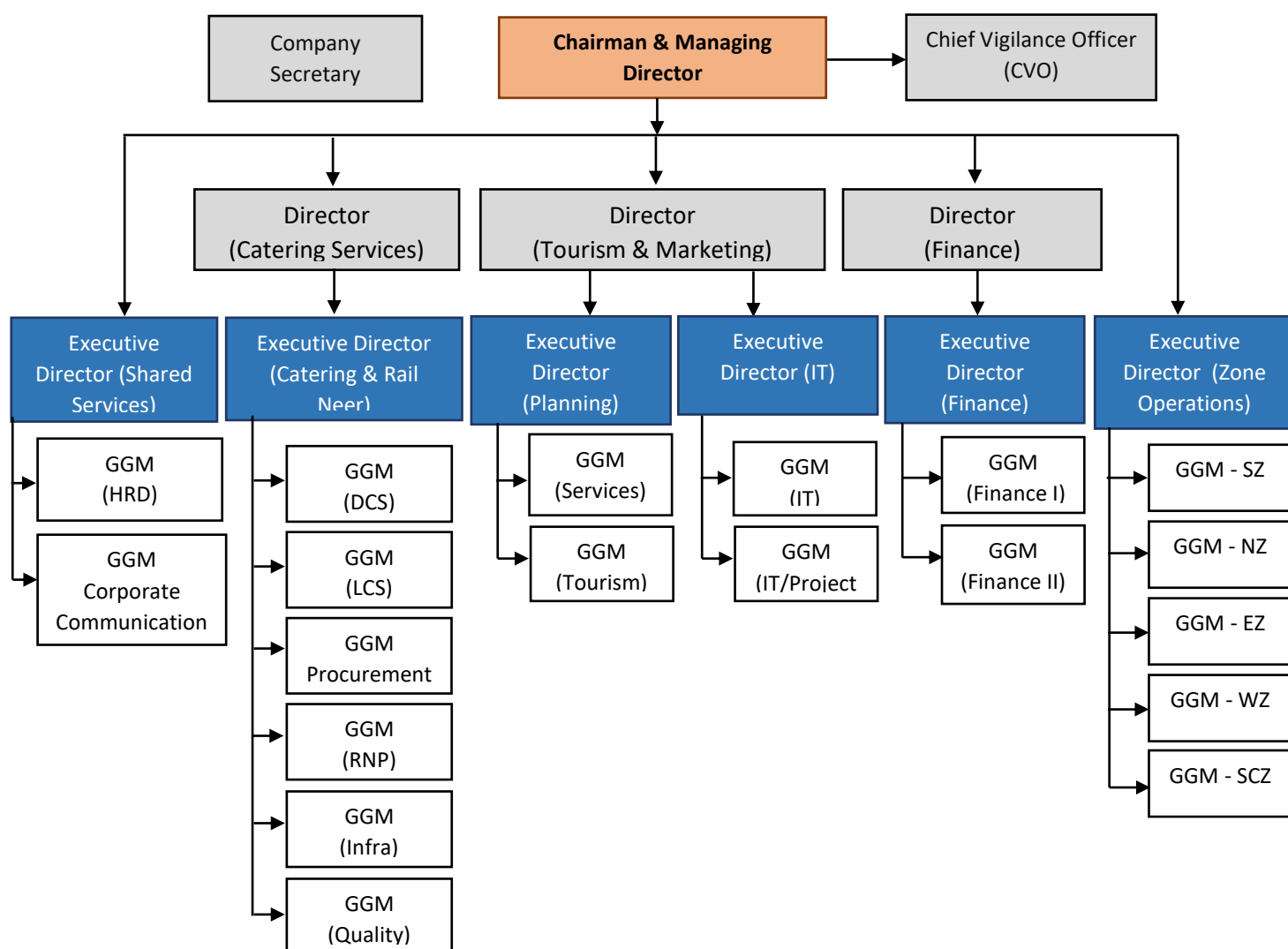
7.5.2 Creative Content

- Content of the Posts/Videos on social media should be designed keeping in mind the target segment.

- Younger generation responds well to posts with high resolution pics with less information and just a 'Call to Action (CTA)' on it as well as videos.
- Older generation responds well to videos as well as Posts with high resolution pictures with little more information such as details of tours, price, destinations covered.
- Posts and Videos should also be made in regional languages of India and Overseas countries (for Luxury Segment Trains) for better penetration in the respective markets.

8 Proposed Organization Structure

Basis the gaps and recommendations in the 'As is' organisation structure of IRCTC, the proposed structure is shown in the figure below:



Proposed Changes:

- For better corporate governance, a new level of 'Executive Directors' would be inducted below the regular three Directors – Catering Services, Tourism & Marketing and Finance.
- Executive Director (ED) – Shared services would be created to oversee all shared service operations. GGM – HRD would be aligned under ED – Shared services.
- A new post of 'GGM – Corporate Communications' would be created and aligned under 'ED – Shared services' who would be responsible to handle all corporate communications on behalf of IRCTC. Over the years, with business becoming diversified and new products being developed, there is an acute need of a dedicated resource to handle all corporate communications.
- To oversee Catering & Rail Neer operations, 'ED – Catering services & Rail Neer' will be inducted who would be directly aligned into 'Director – Catering services'. He/she will be responsible to oversee procurement, quality and Infra portfolios too. GGM – DCS, GGM – LCS, GGM – Rail Neer Project, GGM – Quality, GGM – Infra and GGM – Procurement would be aligned directly into 'ED-Catering services & Rail Neer'.
- Post for 'ED – Planning' and 'ED – IT' would be created under 'Director – Tourism & Marketing'. Tourism & Marketing vertical would be disintegrated into two segments – 1) Services & Tourism to be aligned under 'ED – Planning' and 2) IT and IT/Project to be aligned directly under 'ED – IT'. Together, 'ED – Planning' and 'ED – IT' would align into 'Director – Tourism & Marketing'.
- 'ED – Finance' will be inducted under 'Director – Finance' to oversee portfolios handled by GGM – Finance I and GGM – Finance II.
- In current org structure, GGM's for all five zones (East, West, North, South and South Central) are directly aligned into CMD – IRCTC. However, in the proposed org structure, 'ED – Zonal Operations' will be aligned directly under CMD – IRCTC' to oversee zonal operations. Respective GGM's for all five zones will be directly aligned into ED – Zonal Operations.

9 Final Revenue Projections for ‘Business as usual (As is business)’ scenario

Profit & Loss

	INR crore				
	2023-24	2024-25	2025-26	2026-27	2027-28
Revenue					
Internet ticketing	1191	1239	1292	1360	1428
Rail-Neer	388	403	415	520	575
Tourism & train operation	575	672	764	842	925
Catering	570	630	730	850	980
Total Revenue from operations	2724	2944	3201	3572	3908
		8%	9%	12%	9%
Other Income	25	31	27	34	39
Interest income	65	78	70	75	84
Total Revenue	2814	3053	3298	3681	4031
Expenses					
Cost of Materials Consumed	90	97	110	120	125
Purchase of Stock-in-Trade	150	158	170	187	204
Changes in Inventories of finished goods, work-in-progress and Stock-in-Trade	-1	-1	-1	-1	-1
Expenses of Catering Services	393	424	461	515	563
Expenses of Tourism & Train Operations	290	312	310	383	411
Manufacturing & Direct Expenses	211	224	239	261	281
Employee benefit expense	457	491	533	595	657
Finance costs	27	28	30	33	36
Impairment Loss	-2	-2	-2	-2	-3
Corporate Social Responsibility Expenses	14	16	17	19	21
Other Expenses	143	154	167	187	204
Total Expenses	1772	1901	2035	2296	2499
Operating Profit/ EBITDA	1042	1151	1263	1384	1533

10 Final Revenue Projections post-implementation of the growth plan

Profit & Loss

	INR crore				
	2023-24	2024-25	2025-26	2026-27	2027-28
Internet ticketing	1,191	1,239	1,292	1,360	1,428
Digital content Streaming	22	43	43	43	43
Alternate Travel Plan	162	259	324	421	518
IPay	100	150	225	350	500
Booking Engine	7	8	9	10	12
Total Revenue	1,482	1,699	1,893	2,185	2,501
Rail-Neer					
Business as it is	388	403	415	520	575
Retail - Package drinking water	-	-	-	36	46
Total Revenue	388	403	415	556	621
Tourism					
Business as it is	575	672	764	842	925
State Tourism board tie-up	38	58	77	96	96
Adventure/ Eco tourism	51	97	134	172	209
Homestay	50	60	80	90	100
Corporate Bookings	72	86	120	144	168
Medical Tourism	25	35	49	68	95
Budget Hotel	3	4	5	6	8
Total Revenue	815	1011	1229	1417	1602

Catering					
Business as it is	570	630	730	850	980
Mega Kitchens	30	79	168	268	378
Cloud Kitchen	246	411	657	986	1,232
E-catering with QR code	146	252	386	444	511
Total Revenue	992	1,372	1,941	2,547	3,101
	-	-	-	-	-
Total Revenue	3677	4485	5478	6705	7825
Expense					
Internet Ticketing					
Digital content Streaming	15	29	29	29	29
Alternate Travel Plan	142	224	280	364	446
IPay	80	120	180	280	400
Booking Engine	6	6	7	8	9
Total Expense	242	380	496	681	885
Rail-Neer					
Retail - Package drinking water	-	-	-	23	3
Total Expenditure	-	-	-	23	3
Tourism					
State Tourism board tie-up	34	51	68	85	85
Adventure/ Eco tourism	49	92	128	164	199
Homestay	45	54	73	82	91
Corporate Bookings	65	79	109	131	153
Medical Tourism	5	6	9	12	17
Budget Hotel	0	0	0	1	1
Total Expenditure	199	283	387	474	546

Catering					
Mega Kitchens	23	60	126	200	283
Cloud Kitchen	212	353	564	846	1,057
E-catering with QR code	127	218	335	385	442
Total Expenditure	361	630	1,024	1,430	1,782
	-	-	-	-	-
As it is business expenditure	1,772	1,901	2,035	2,296	2,499
	-	-	-	-	-
Total Expenditure	2,574	3,195	3,943	4,905	5,715
	-	-	-	-	-
Operating Profit/EBITDA	1,103	1291	1,536	1,800	2,111

11 Assumptions and Segmental Profit & Loss statement

11.1 Assumptions for growth plans in Internet Ticketing

1. Generation of Advertisement-based Revenue through Digital Content Streaming in Trains

- Revenue Share Percentage between Technology Provider, Content Provider and IRCTC will be 33.33%
- The Train operates 30 days in a month for all 12 months
- Potential earnings per coach is INR 1 lakh per train per day
- No. of operated by IRCTC is 2 Tejas and 10 Bharat Gaurav Trains in which Content streaming will be provided

2. Revenue through development of online booking engines for other organizations

- No. of Booking engines developed in first two years (FY 24 & FY 25) is 1 each and no. of booking engines developed in FY 26 – 28 is 2 for each year.
- Revenue is generated from the ongoing projects and the new ones
- Convenience fee is INR 50 per ticket

3. Alternate travel plan for dropped waitlisted tickets

- Number of tickets waitlisted tickets dropped is 60,000 per day
- Premium for customer to pay to avail the plan INR 5/- per ticket
- IRCTC's travel protect share is 15%
- Avg. ticket size of alternate ticket booked INR 1500/-
- IRCTC Integration charges INR 5,00,000/-
- Service Provider's share 85%
- Percentage of Travellers opting for alternate travel plan increasing at the rate of 5%, 8%, 10% 13%, 16% respectively per year until FY 28

Note: The assumptions have been derived in consultation with the industry experts and VMC internal reports

Revenue projections for Internet Ticketing post implementation of growth plan

Particular	2023-24	2024-25	2025-26	2026-27	2027-28
Internet ticketing					
Digital content Streaming	21,60,00,000	43,20,00,000	43,20,00,000	43,20,00,000	43,20,00,000
Alternate Travel Plan	1,62,00,00,000	2,59,20,00,000	3,24,00,00,000	4,21,20,00,000	5,18,40,00,000
IPay	1,00,00,00,000	1,50,00,00,000	2,25,00,00,000	3,50,00,00,000	5,00,00,00,000
Booking Engine	7,00,00,000	7,70,00,000	8,85,50,000	10,18,32,500	11,71,07,375
Total Revenue	2,90,60,00,000	4,60,10,00,000	6,01,05,50,000	8,24,58,32,500	10,73,31,07,375
Expenses					
Direct Expenses					
Digital content Streaming	14,39,85,600	28,79,71,200	28,79,71,200	28,79,71,200	28,79,71,200
Alternate Travel Plan	1,37,70,00,000	2,20,32,00,000	2,75,40,00,000	3,58,02,00,000	4,40,64,00,000
IPay	75,00,00,000	1,12,50,00,000	1,68,75,00,000	2,62,50,00,000	3,75,00,00,000
Booking Engine	5,25,00,036	5,77,50,036	6,64,12,547	7,63,74,431	8,78,30,595
Total	2,32,34,85,636	3,67,39,21,236	4,79,58,83,747	6,56,95,45,631	8,53,22,01,795
Human Resources					
Digital content Streaming	30,00,000	33,00,000	36,30,000	39,93,000	43,92,300
Alternate Travel Plan	30,00,000	33,00,000	36,30,000	46,58,500	51,24,350
IPay	0	0	0	0	0
Booking Engine		0	0	0	0
Total	60,00,000	66,00,000	72,60,000	86,51,500	95,16,650

Marketing Expenses					
Digital content Streaming	3,59,964	7,19,928	7,19,928	7,19,928	7,19,928
Alternate Travel Plan	1,62,00,000	2,59,20,000	3,24,00,000	4,21,20,000	5,18,40,000
IPay	5,00,00,000	7,50,00,000	11,25,00,000	17,50,00,000	25,00,00,000
Booking Engine	35,00,000	38,50,000	44,27,500	50,91,625	58,55,369
Total	7,00,59,964	10,54,89,928	15,00,47,428	22,29,31,553	30,84,15,297
Website development					
Digital content Streaming		0	0	0	0
Alternate Travel Plan	2,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	-
IPay					
Booking Engine			0	0	0
	2,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	0
Indian Railway Share					
Digital content Streaming	71,99,280	1,43,98,560	1,43,98,560	1,43,98,560	1,43,98,560
Total Expenditure	2,42,67,44,880	3,81,04,09,724	4,97,75,89,735	6,82,55,27,244	8,86,45,32,302
Operating Profit/ EBITDA	47,92,55,120	79,05,90,276	1,03,29,60,265	1,42,03,05,256	1,86,85,75,073

11.2 Assumptions for growth plans in Catering

1. Development of centralized base Kitchen / Mega Kitchen for Non-Railway catering

- 2000 meals received per day and increasing @ 20% per year
- Average meal size is at Rs. 120/- in 1st year of operations and increasing @ 6% per year
- Revenue share % of IRCTC is 30%
- No. of days meal delivered in a year is assumed as 312 days
- No. of base/mega kitchen in 1st year is assumed to be 2 with subsequent expansion of kitchen as 5, 10, 15, 20 for FY 25, 26, 27 & 28 respectively

2. Development of cloud kitchens within or outside railway premised on PPP model

- No. of meals served from base kitchen per day per year is 1500
- Avg. meal size per plate is Rs 150
- Number of new cloud kitchens that would open in FY 24 to FY 28 are 3, 5, 8, 12, 15 respectively
- Average meal size increases by 10% each year until FY 28

3. Food ordering in trains via QR code scanning on installed on berths

- No. of Orders placed via QR code scanning in 1st year is 2000 per day, in 2nd year 3000 per day and in 3rd year 4000 per day
- Avg. order size per plate is Rs 120 increasing at the rate of 6% per year in subsequent years until FY 28
- IRCTC's commission per meal is 15%

Note: The assumptions have been derived in consultation with the industry experts and VMC internal reports

Revenue Projections for Catering segment post implementation of growth plan

Particulars	2023-24	2024-25	2025-26	2026-27	2027-28
Mega Kitchens	29,95,20,000	79,37,28,000	1,68,27,03,360	2,67,54,98,342	3,78,13,70,991
Cloud Kitchen	2,46,37,50,000	4,10,62,50,000	6,57,00,00,000	9,85,50,00,000	12,31,87,50,000
E-catering with QR code	1,46,00,00,000	2,51,85,00,000	3,86,17,00,000	4,44,09,55,000	5,10,70,98,250
Total revenue	4,22,32,70,000	7,41,84,78,000	12,11,44,03,360	16,97,14,53,342	21,20,72,19,241
Expenses					
Direct Expenses					
Mega Kitchens	20,96,64,000	55,56,09,600	1,17,78,92,352	1,87,28,48,840	2,64,69,59,693
Cloud Kitchen	1,72,46,25,000	2,87,43,75,000	4,59,90,00,000	6,89,85,00,000	8,62,31,25,000
E-catering with QR code	1,02,20,00,000	1,76,29,50,000	2,70,31,90,000	3,10,86,68,500	3,57,49,68,775
Total	2,95,62,89,000	5,19,29,34,600	8,48,00,82,352	11,88,00,17,340	14,84,50,53,468
Marketing Expenses					
Mega Kitchens	1,34,78,400	3,57,17,760	7,57,21,651	12,03,97,425	17,01,61,695
Cloud Kitchen	1,84,78,125	3,07,96,875	4,92,75,000	7,39,12,500	9,23,90,625
E-catering with QR code	2,19,00,000	3,77,77,500	5,79,25,500	6,66,14,325	7,66,06,474
Total	5,38,56,525	10,42,92,135	18,29,22,151	26,09,24,250	33,91,58,793
Human Resources					
Mega Kitchens	40,80,000	47,90,000	57,03,000	67,55,700	79,66,910
Cloud Kitchen	35,80,000	42,50,000	49,25,000	56,27,500	63,60,250

E-catering with QR code	40,00,000	44,00,000	47,85,000	52,08,500	56,74,350
Total	1,16,60,000	1,34,40,000	1,54,13,000	1,75,91,700	2,00,01,510
Indian Railways Share					
Mega Kitchens	0	0	0	0	0
Cloud Kitchen	36,95,62,500	61,59,37,500	98,55,00,000	1,47,82,50,000	1,84,78,12,500
E-catering with QR code	21,90,00,000	37,77,75,000	57,92,55,000	66,61,43,250	76,60,64,738
Total	58,85,62,500	99,37,12,500	1,56,47,55,000	2,14,43,93,250	2,61,38,77,238
Total Expenditure	3,61,03,68,025	6,30,43,79,235	10,24,31,72,503	14,30,29,26,540	17,81,80,91,009
Operating Profit/EBITDA	61,29,01,975	1,11,40,98,765	1,87,12,30,857	2,66,85,26,802	3,38,91,28,231

11.3 Assumptions for growth plans in Rail Neer

1. Assumptions for 'Sale of Packaged drinking water and Mineral water in non-Railway market under a new brand name'

- Capacity expansions will be done for 6 Rail Neer Plants
- Investment for Capex for 500ML, 1L, 2L, 5L, 20L jars (except land cost) is 15 crores
- Investment for Capacity expansion of existing Rail Neer plants is 6 crores
- BY 2027 – 28, Retail price increases by 40%
- YoY growth in sale is estimated to increase by 30%

Variants	Retail price (FY 24)	Selling price (FY 24)	Price in INR	
			Retail (FY 27)	Selling Price (FY 27)
Price of 500ML bottles	10	5	10	5
Price of 1L bottles	20	8.6	20	9
Price of 5L jars	65	35	65	35
Price of 20L jars	90	50	90	50
Mineral Water	60	30	60	30

Note: The assumptions have been derived in consultation with the industry experts and VMC internal reports

Profit & Loss of Rail Neer post implementation of the growth plan

Particulars	2023-24	2024-25	2025-26	2026-27	2027-28
Retail - Package drinking water	0.0	0.0	0.0	35,65,80,000	46,35,54,000
Expenses					
Direct Expenses	0	0	0	21,00,00,000	49,83,160
Marketing Expenses	0	0	0	1,78,29,000.00	2,31,77,700.00
Human Resources	0	0	0	45,00,000	49,50,000
Total Expenses	0	0	0	23,23,29,000	3,31,10,860
Operating Profit/ EBITDA	0.0	0	0	12,42,51,000	43,04,43,140

11.4 Assumptions for growth plans in Tourism

1. Tie up with State Board Tourism to manage and operate their properties in PPP model

Avg. ticket size of Hotel booking	INR 2,000 per day
IRCTC's revenue share %	12%
No. of State Govt Hotels	1170
Average no. of room per hotel	15
No. of Total rooms available	17550
Avg. occupancy rate through the year	30%

Assumptions on Expected Bookings	5% of the total rooms in the first year with this rate increasing in the multiples of 5 for the subsequent year.
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2. Alternate accommodation through Homestays and Service apartments

- Average ticket size of Homestay is INR 10,000 per home
- Commission Fees from Homestay owner is 10% per booking
- Convenience fees from Customers is INR 100 per booking
- 30000 homestay bookings in FY 24 and becoming 40000, 60000, 80000 for FY 25 – FY 28 respectively

3. Targeting 18 – 39 age group demographics through Boutique packages for Eco tourism & Adventure tourism

- Adventure Tourism market in India 2019 valued at 1,600 crore
- Adventure Tourism market in India 2028 estimated to be valued at 16,000 crore at a CAGR of 20%
- Eco Tourism market in India 2019 was valued at 17,600 crore
- Eco Tourism market in India 2028 was valued at 92,800 crore at a CAGR of 20%
- No. of batches every month = 2; batch size = 50
- Commission fees will be charged at 10% from the operator
- Convenience fees will be charged at 3% from the customers
- Avg. ticket size of adventure tourism is INR 40,000 per person
- Avg. ticket size of eco-tourism is INR 35,000
- Training revenue on Adventure & Ecotourism is INR 15,000 per person
- Assumptions for Expected booking between FY 24 – FY 28 will increase at the market CAGR i.e., 20%

4. B2B self-booking solution for private corporates and MSMEs

- Average ticket size for Train plus hotel is 18,000 per booking
- Average ticket size for flight plus hotel is 30,000 per booking
- Convenience fees charged from business is INR 100 per booking
- Convenience fees charged from hotels is @ 10% per booking
- Convenience fees charged from Airlines is @ 10% per booking
- Bookings for Airlines Plus Hotels and Trains Plus hotels are assumed to be 9000, 13000, 18,000, 25000 & 32000 for FY 24 – 28 respectively

5. Development and expansion of Budget Hotels across India

- No. of Hotels in FY 24 = 1; in FY 25 = 2; in FY 26 – FY 28 = 3
- IRCTC investment = 20 crore for a greenfield project
- Increase in variable license fee = 5% each year

6. Revenue through Medical Tourism

- Conversion expected for Short Procedure is 40% per day
- Conversion expected for Detailed Procedure is 30% per ticket
- Avg. revenue for short procedure is INR 15,000
- Avg. revenue for detailed procedure is INR 2,00,000
- Revenue share for IRCTC is 15 %

Note: The assumptions have been derived in consultation with the industry experts and VMC internal reports

Revenue projections for Tourism segment post implementation of growth plan

	2023-24	2024-25	2025-26	2026-27	2027-28
State Tourism board tie-up	38,43,45,000	57,65,17,500	76,86,90,000	96,08,62,500	96,08,62,500
Adventure/ Eco tourism	51,30,00,000	96,80,00,000	1,34,30,00,000	1,71,80,00,000	2,09,30,00,000
Homestay	50,00,00,000	60,00,00,000	80,00,00,000	90,00,00,000	1,00,00,00,000
Corporate Bookings	72,00,00,000	86,40,00,000	1,20,00,00,000	1,44,00,00,000	1,68,00,00,000
Medical Tourism	24,75,00,000	34,65,00,000	48,51,00,000	67,91,40,000	95,07,96,000
Budget Hotel	3,00,00,000	4,00,00,000	5,00,00,000	6,00,00,000	8,00,00,000
Total Revenue	2,39,48,45,000	3,39,50,17,500	4,64,67,90,000	5,75,80,02,500	6,76,46,58,500
Expenses					
Direct Expense					
State Tourism board tie-up	28,05,71,850	42,08,57,775	56,11,43,700	70,14,29,625	70,14,29,625
Adventure/ Eco tourism	46,17,00,000	87,12,00,000	1,20,87,00,000	1,54,62,00,000	1,88,37,00,000
Homestay	45,00,00,000	54,00,00,000	72,00,00,000	81,00,00,000	90,00,00,000
Corporate Bookings	64,80,00,000	77,76,00,000	1,08,00,00,000	1,29,60,00,000	1,51,20,00,000
Medical Tourism	4,50,00,000	6,30,00,000	8,82,00,000	12,34,80,000	17,28,72,000
Budget Hotel	15,00,000	20,00,000	25,00,000	30,00,000	40,00,000
Total	1,88,67,71,850	2,67,46,57,775	3,66,05,43,700	4,48,01,09,625	5,17,40,01,625
Marketing Expenses					
State Tourism board tie-up	11,53,035	17,29,553	23,06,070	28,82,588	28,82,588
Adventure/ Eco tourism	2,56,50,000	4,84,00,000	6,71,50,000	8,59,00,000	10,46,50,000
Homestay	7,00,000	19,80,000	26,40,000	29,70,000	33,00,000

Corporate Bookings	14,50,000	36,00,000	50,00,000	60,00,000	70,00,000
Medical Tourism					
Budget Hotel	6,00,000	8,00,000	10,00,000	12,00,000	16,00,000
Total	2,95,53,035	5,65,09,553	7,80,96,070	9,89,52,588	11,94,32,588
Human Resources					
State Tourism board tie-up	10,00,000	11,00,000	12,10,000	13,31,000	14,64,100
Adventure/ Eco tourism	40,00,000	44,00,000	48,40,000	53,24,000	58,56,400
Homestay	20,00,000	22,00,000	24,20,000	26,62,000	29,28,200
Corporate Bookings	45,00,000	49,50,000	54,45,000	59,89,500	65,88,450
Medical Tourism	0	0	0	0	0
Budget Hotel	10,00,000	11,00,000	12,10,000	13,31,000	14,64,100
Total	1,25,00,000	1,37,50,000	1,51,25,000	1,66,37,500	1,83,01,250
Website					
State Tourism board tie-up	10,00,000	-	-	-	-
Adventure/ Eco tourism	10,00,000	0	0	0	0
Homestay		0	0	0	0
Corporate Bookings	0	0	0	0	0
Medical Tourism					
Budget Hotel					
Total	20,00,000	-	-	-	-
Data hosting					
Railway/ State share					
State Tourism board tie-up	5,76,51,750	8,64,77,625	11,53,03,500	14,41,29,375	14,41,29,375
Adventure/ Eco tourism					
Homestay					
Corporate Bookings					
Medical Tourism					
Budget Hotel					

Total	5,76,51,750	8,64,77,625	11,53,03,500	14,41,29,375	14,41,29,375
Total Expenses	1,98,84,76,635	2,83,13,94,953	3,86,90,68,270	4,73,98,29,088	5,45,58,64,838
Operating Margin/ EBITDA	40,63,68,365	56,36,22,548	77,77,21,730	1,01,81,73,413	1,30,87,93,663