



इंडियन रेलवे कॅटरिंग एवं टूरिज्म कॉरपोरेशन लिमिटेड
(भारत सरकार का उद्यम-मिनी रत्न)
INDIAN RAILWAY CATERING AND TOURISM CORPORATION LTD.
(A Govt. of India Enterprise-Mini Ratna)

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BSE Limited 1 st Floor, New Trade Wing, Rotunda Building Phiroze Jeejeebhoy Towers, Dalal Street Fort, Mumbai – 400 001	National Stock Exchange of India Limited "Exchange Plaza", C-1, Block-G, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051
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Sub: Outcome of investors/analysts meet – Transcript of "Q1FY23 Earnings Conference Call" held on August 11, 2022.

Ref: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015,

Sir/Ma'am,

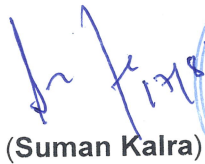
In reference to our communication dated August 08, 2022, please find enclosed herewith the transcript of "Q1FY23 Earnings Conference Call" held on August 11, 2022.

You are requested to kindly take the same on record.

Thanking you.

Yours sincerely,

For Indian Railway Catering and Tourism Corporation Limited



(Suman Kalra)
Company Secretary and Compliance Officer
Membership No: F9199

Encl: as above



“Indian Railway Catering and Tourism Corporation Q1 FY2023 Earnings Conference Call”

August 11, 2022



ANALYST: MR. DEVANG BHATT – IDBI CAPITAL

**MANAGEMENT: MRS. RAJNI HASIJA - CHAIRPERSON & MANAGING
DIRECTOR – INDIAN RAILWAY CATERING AND
TOURISM CORPORATION LIMITED
MR. AJIT KUMAR – DIRECTOR, FINANCE & CHIEF
FINANCIAL OFFICER – INDIAN RAILWAY CATERING
AND TOURISM CORPORATION LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY2023 Earnings Conference Call of Indian Railway Catering and Tourism Corporation, IRCTC. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Devang Bhatt. Thank you and over to you Sir!

Devang Bhatt: Thanks Rochelle. Good afternoon everyone. On behalf of IDBI Capital I welcome you to the Q1 FY2023 earnings concall of Indian Railways Catering and Tourism Corporation or IRCTC. On behalf of IDBI Capital I would like to thank the management for giving us an opportunity to host the call. We have with us management represented by Mrs. Rajni Hasija, Chairperson and Managing Director and Mr. Ajit Kumar, Director Finance and CFO. I would now like to hand over the call to the management for opening remarks. Later we can open the floor for Q&A. Thank you and over to you Rajni Madam!

Rajni Hasija: Thank you Devang. A very good afternoon to everybody. At the outset let me welcome you all to this concall of IRCTC Limited for the quarter that has ended on June 30, 2022. I hope that you and your dear ones are in a good health and the spirit of the Independence Day is going on as Azadi Ka Amrit Mahotsav is being celebrated by all of us. Yesterday our company has announced un-audited financial results for the first quarter of fiscal 2023 and the same has been disclosed on both stock exchanges too. I shall first give a brief overview about the first quarter of this financial year post which our director finance and CFO of the company too will provide all the details of the performance of all business segments after which we shall have a question and answer session.

In the first quarter of the current financial year, I think this particular quarter was without any restriction since the pandemic hit all of us and IRCTC business model has once again demonstrated its resilient nature and its ability to scale up. First quarter of this financial year, the revenue has reached at Rs.853 Crores and we saw a strong growth of 23% quarter over quarter and more than 2.5 times on the year over year given that the base quarter had the impact of pandemic, so if you compare with the previous quarter there is a 23% growth. Importantly, the revenue for the first quarter of the FY2023 has not only surpassed pre-COVID level but it is at all time high as regards the quarter run rate is concerned.



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In the last quarter of the last financial year, the catering segment has been the main driver of the quarter over quarter revenue growth and the revenue for the segment has also touched a new high. Similarly Rail Neer segment has also surpassed its peak revenue of the pre-pandemic period and also shown a better capacity utilization of all the plants. As you would be aware about the difference in the profitability of our business segment, the change in the business mix resulted in EBITDA margin coming to 37.6% versus 45.8% year over year and 41.1% quarter over quarter.

As I have shared earlier that the pandemic is behind the travel and hospitality can look forward for a better financial year this year and beyond too. IRCTC business segments can also look up to further improve performance in such industry environment. Without not taking much time I shall now hand over the call to my colleague and CFO of the company, Ajit Kumar to brief you about the financial and segmental performance of the company. Thank you.

Ajit Kumar:

Good afternoon everybody. I hope everyone in the spirit of Independence, there is a joy in the year. I shall first give a brief overview about this Q1 FY2023 results and then we will have the question and answer session. Q1 FY2023 revenue saw another quarter of strong improvement on both quarter-on-quarter and year-on-year basis. The revenue of Rs.853 Crores grew by 23% quarter-on-quarter and by 250% year-on-year given the impact of the pandemic in the base quarter, of course this base is not right for the comparison, but this is the fact that this comparison we are taking. Given that catering segments which has relatively lower margin saw sharp increase in revenue share the overall EBITDA margin 37.6% versus 45.8% year-on-year and 40.1% quarter-on-quarter; however, absolute EBITDA has grown by 15.7% quarter-on-quarter to Rs.321 Crores which is an all-time high.

Let me now move to the business segments of the company. Internet ticketing, this segment continued demonstrate its resilience and revenue for the quarter was at Rs.301 Crores which is more than a double year on year and grew by 3% quarter-on-quarter while the EBIT margin seen a quarter-on-quarter decline, but it is a similar level to that in Q3 FY2022 and was at 84.5% in Q1 FY2023. EBIT quarter-on-quarter declines due to reversal of provisions in the consequent quarter that is Q4 for around Rs.14 Crore. Catering segment, now this segment has further improved the performance over the strong quarter-on-quarter growth seen in Q4 FY2022. The revenue for this catering segment has a new high at Rs.352 Crores which implies a growth of 32.3% quarter-on-quarter and over five times growth year-on-year as the base quarters had restrictions of course due to travel



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restrictions and the meal served on the trains had restricted. The share of catering segment to overall revenue increased to 41.3% versus 38.5% year on year and 23.3% in Q1 FY2022. Importantly, the EBIT margin for this segment has improved to 12% versus 9.4% quarter-on-quarter and the loss on year-on-year basis; however, given that it has relatively lower margin the overall margin has seen moderation in the current quarter. Then Rail Neer segment, it has seen Q1 FY2022 revenue of Rs.83.6 Crores sharp growth of 61.2% quarter-on-quarter. As a result, the EBIT margin has moved back to its double digit at around 11% versus a loss in Q4. Now this tourism (including state teertha) saw a growth of 43.8% quarter-on-quarter to Rs.115 Crores importantly it is reported positive EBIT of Rs.7.2 million versus the loss in the nine preceding quarters due to the travel restrictions and the pandemic. For Q1 FY2023, the cash and bank balances and the net worth of the company at the end of the quarter is Rs.2175 Crores and Rs.2132 Crores respectively that brings to the end of my opening remarks. Now you can straight away move to the question and answer session. Thank you.

Moderator:

Thank you very much Sir. Ladies and gentlemen we will now begin the question and answer session. Our first question is from the line of Jinesh Joshi from Prabhudas Lilladher. Please go ahead.

Jinesh Joshi:

Thanks for the opportunity and congratulations on the steady quarter. Madam, I have a question on the catering piece I see the review at about Rs.352 Crores in this quarter so does this take into account, the effect of enhancement in license fee due to tariff hike and should this be the steady quarterly run rate from here on and also secondly, if I look at the catering expense in this quarter as a percentage of catering revenue it was about 74% and pre-COVID this number was in the band of 62% to 65% so is there any element of one of here?

Rajni Hasija:

We will answer to your first question Mr. Jinesh is that the impact of the sale assessment has not been taken in this quarter, because once we complete the assessment then some time has to be given to the licensee to arrange for the funds, so we are still in process of completing that because of heavy traffic moving on, on the trains the peak season is over now the lean period is now left so that is being completed so maybe the next quarter, in the present quarter we would be completing, but the impact may be seen in the third quarter only.

Jinesh Joshi:

Got it, so this Rs.352 Crores of a quarterly run rate has a further possibility of increase from here on right?



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Rajni Hasija: It looks like that only. In this quarter, we were able to tender most of the trains so you could see many of the units which were otherwise closed or the trains which were not earlier tender or trains were running ready to eat model, all trains now are being brought on the tendering mode, still you may see some more improvement in the next quarter if more trains we are able to tender out.

Jinesh Joshi: Sure Madam and on the expense part if you can explain why the cost was higher at 74%?

Rajni Hasija: It happen I think some overdue which were to be made, have been made and as the payments earlier used to be 62% to 65%, now the expenses have gone up to the tune of a 74% is because of the some adjustment of the licensee dues has been done and our payment of expenditure for the Rajdhani, Shatabdi where the licensee requires lot of handholding and the continuity of the business, these payments we have started making which we were not making earlier, so that is why you could see the difference.

Jinesh Joshi: So this is a steady number to look at or how should we kind of...

Rajni Hasija: It will remain in that tune only because in licensee payment for the RSD has to continue is the continuous process.

Jinesh Joshi: Got it and secondly madam, I have two book-keeping questions. I think in notes to account, we have mentioned that there is some arbitration award of Rs.74 Crores which has been announced in the favor of a certain licensees so if you can explain what this exactly pertains to and secondly, there is also some anti-profiteering notice of about Rs.50 Crores, so what is this matter if you can just explain these two parts to me?

Rajni Hasija: I would like to answer your second question first in the anti-profiteering. When the tax regime had changed so some changes were to be made and we are also fighting it because our environment of working is not rendered as compared to the others. Here the pricing is controlled by ministry of railways so we have challenged this particular case and the case is still are sub judice while we will not be able to make a specific comment in this forum on that but when the distribution of this particular Rail Neer, the package drinking water is concerned it is the environment in which it is distributed and produce is very different and the rates how it is decided is very different from the market, so same set of rules cannot be applied to this particular segment based on that we have taken up the matter in the higher court and we are contesting that. Secondly, one arbitration case which went against us that we have also filed an appeal against this so matter is still sub-judice, we are waiting for the



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results I think if the hearings have started so it is going to take some more time before we comment upon this.

Jinesh Joshi: But Madam just in case if the verdict is announced in the favor of these licensees, will the contingent liability fall upon us or on railways because the notes to account sees that it is railways, so I just want to clarify this bit?

Rajni Hasija: Contingent liability, it is still under the arbitration.

Jinesh Joshi: So what I was asking is just in case if the arbitration goes in favor of the licensee who will pay that amount?

Rajni Hasija: When I am conducting the case why should I think that the licensee will win, I will contest this case with the whole spirit and moreover this particular amount which they were talking about is not of the IRCTC period when the trains were taken over by IRCTC. This amount is of the period when the trains were being run by the Indian Railway so in that case it can only happen, we can only pay them back once we get the money from the Indian Railway so that is what our point is.

Jinesh Joshi: Got it.

Rajni Hasija: This is not our period that is why but we are contesting so that this liability does not follow the other party also, we are part and parcel of Indian Railways.

Jinesh Joshi: Thank you madam just clarify this doubt and lastly if you can just give me the breakdown between convenience and non-convenience revenue for the quarter?

Rajni Hasija: The convenience fee this quarter has been Rs.207 Crores right and if you ask me the total, the total business including that total was Rs.308 Crores out of his Rs.207 Crores is that so nearly Rs.101 Crores is on the non-convenience fee, so nearly 50% of the convenience.

Jinesh Joshi: Thank you Sir.

Moderator: Thank you. Our next question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.



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Pritesh Chheda: Can you give us the ticket number for Q1 and what is the status on or update on the 2S class?

Rajni Hasija: Number of ticket books in the first quarter has been around 11.58 Crores and your daily average comes out to be 12.73 lakh tickets.

Pritesh Chheda: Update on the 2S class which was supposed to be?

Rajni Hasija: 2S as we had anticipated earlier it used to be nearly 38%, now in this particular quarter, the overall percentage of the 2S has reduced to 26.9%.

Pritesh Chheda: No, this notification was valid until June 22 right until June 22, the 2S will be booked via?

Rajni Hasija: Yes.

Pritesh Chheda: So, any update there on that about 2S?

Rajni Hasija: In the month of July, the 2S percentage is more or less nearly same.

Pritesh Chheda: So it still continues to be on the internet form of booking?

Rajni Hasija: Yes, our average of the previous quarter has been 12.73 because it was a peak season as I mentioned in one of my earlier calls. Normally July is a rainy season we see some decline, some decline had been there, marginal decline, which will be overcome. Now the festive season has again started, so we will compensate in this month.

Pritesh Chheda: Okay.

Moderator: Thank you. Our next question is from the line of Deep Shah from B&K Securities. Please go ahead.

Deep Shah: Thanks for the opportunity. Madam, first on the catering piece if you could help us understand better, what are the margin we had and do we see any pricing improvement happening anytime soon given that now there is a tier change in terms of user preferences in terms of eating out. Secondary madam, on the 2S so just continuing the question asked by the previous person, do we see this number falling down drastically given that a lot of trains or 2S is now taken out of being reserved online? Thank you.



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Rajni Hasija:

Answering your second question first. That is the number of a 2S decline, the total number of booking getting reduced. As we had mentioned that this was a temporary kind of a revenue available with the IRCTC which was to be reduced, but as we have noticed that the reduction is not as drastic as we were anticipating, yes, there is going to be some downfall as far as the number of ticket is concerned. Last quarter, we had overcome that by the volumes and our bookings were much higher than the previous year average when the 2S booking was running in a full sink. Since the impact of that is going to be more effective from the July, we normally see the average booking happening to the tune of 11.20 lakh more at times it is 50000 more than few days, but the ARP booking of the festival season has also started, so some gain will be there from that side, so 2S ticket yes, will have some impact but should we overcome by the other factors also then answering your question on the catering. You wanted to ask the margins indicating normally in the entire catering business, our margins are ranging from 14% to 18%, so this is the total margin when we take each product at its own margin since the preferences of the people are changing, so at the same time we are also showing some better growth in the e-catering. In the last quarter as compared to our 20000 or 21000 meals a day, our average booking have been more than 35000, nearly 35000 orders a meals a day in fact many hikes were seen in the month of June and August also where we had made a recording in the month of August more than 50000 meals were booked in one of the occasion on June 12, we had booked around 44000 meals in a day so the preferences if they change, the other sector is gaining. Our total revenue from the monthly average in the year 2021-2022 was Rs.1.67 Crores, however in this quarter it has been Rs.2.63 Crores so there is a jump over 57.5% in the e-catering, earlier the train side vending, trains were giving on section to section basis. If you ask me the number on the train side vending I can tell you the more trains have been given on end to end, 247 trains have been given end to end where you get a better license fee and the sectional trains nearly 363 trains we have given on a TSV contracts in this section that makes the total of a 610 trains and in addition to this of course you have 436 trains so that makes the total over nearly a 1046 trains so which was not there earlier so it is a hard work for the IRCTC team that we were able to award these contracts and many more such contracts are in the pipeline we are going to award more so that will have some impact on the catering business certainly.

Deep Shah:

Thanks madam, this is really helpful. Just a followup on that 2S if I may, so are a lot of trains taken out from being reserved or the trains are still existing on reserve basis and some coaches are only advertised for reserve.



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- Rajni Hasija:** I would say it was other way around because there was no offline booking so the trains were made, unreserved trains were made reserved temporarily now they have been made, many of them have been made unreserved again.
- Deep Shah:** This is very helpful. Thanks a lot.
- Rajni Hasija:** It was a temporary kind of arrangement which IRCTC tapped and our revenue could sustain and not only that the traffic which has been diverted in the reserve segment we have been able to retain because our daily average ticket booking is nearly 11 lakhs or so, so you can say that we have been able to retain few customers in the reserve segment fully, but at the same time through some segment of the unreserved which has not been converted into reserved yet, it is still with us.
- Deep Shah:** That is perfect madam. Thank you so much. If I can squeeze in one more question madam, could you help us with occupancy of the Tajes trains that we are running when we track online we see good occupancy so is that assessment correct?
- Rajni Hasija:** Yes, the occupancy has been good in the first quarter of this year, the trains have done a fantastic job and the revenue was nearly Rs.41 Crores and it has given us the profit more than Rs.5 Crores.
- Deep Shah:** This is very helpful. Thank you so much and all the best.
- Moderator:** Thank you. Our next question is from the line of Sridhar Manke from SIS Global. Please go ahead.
- Sridhar Manke:** I have a couple of questions. First is about the retiring room upgradation, you had mentioned in the last call that new contracts were to be awarded for retiring room upgradation, so any progress on that and would it help in increasing the revenue or has it already helped in that regard?
- Rajni Hasija:** Yes, of course because in the retiring room category, we have done a road show and we were successful in awarding 23 such contracts in all the zones and rest of contracts in the pipeline and we are also in process of taking over more and more retiring room from the railways. First, the position of those retiring rooms are to be taken and then they are to be tendered out then we again plan give the tender for the upgradation and the few of our



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tenders are opening by after August 18 or so, so you can say the retiring room upgradation work is going on a full swing and the result will be forthcoming in this quarter.

Sridhar Manke: Okay.

Rajni Hasija: But actual commissioning will happen only in the third quarter.

Sridhar Manke: Okay. Thanks madam. The second question was about Tejas whether we have achieved a break even or not, but I think you have already mentioned that, so I will probably take the third question. Can you give us an idea about how the IRCTC air segment is performing?

Rajni Hasija: In IRCTC air segment, IRCTC has performed not that on a separate note because every segment being booked is nearly 5500 per day so our revenue has been you can say the income from booking and cancellation if you ask me, we could earn nearly Rs.3 Crores of that and some changes also taken place that in the month of June we have increased our License fees and convenience fees model earlier we were charging Rs.50, now we are charging Rs.100 and we are trying to bring more and more offers from various banks and the other payment methods, so that the booking on our portal can also increase.

Sridhar Manke: Okay, all right. My third and last question madam would be regarding the opening note that you had mentioned on the call, it is about the e-ticketing margin that has declined very marginally from quarter-on-quarter and you have mentioned that it was because of a reversal of provision of Rs.14 Crores so can we share more light on that what was that and what exactly is that?

Rajni Hasija: Some adjustment has been done in the books, so last year what we had done we had PRP provisioning is done in the accounts so we had done more provisioning that we had reversed last year, so it was more, income was more in the total. As far as a specific internet ticketing segment is concerned so some impact of unreserved ticketing is still there and now the results will be seen in this quarter because the first quarter is a very challenging for all the internet companies.

Sridhar Manke: Okay.

Rajni Hasija: Overall ticketing has grown if you ask me the overall average of the ticketing in this quarter it has been more than the overall average of the previous year also, it is 12.73 lakh per day which is quite high.



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- Sridhar Manke:** Thank you so much madam. That is all from me.
- Moderator:** Thank you. The next question is from the line of Akshay Bhor from Citadel. Please go ahead.
- Akshay Bhor:** Thank you for the opportunity. Sorry with this I want to clarify first up on this 2S question again. There was earlier a notification back from June onwards you will not be booking any unreserved tickets that you do during the pandemic just wanted to understand that is you have stopped booking on those trains right now, is that understanding correct?
- Rajni Hasija:** I would like to make you the procedure clears all of you. Whatever inventory is offered for sale it is offered by the Indian Railways whether reserved or unreserved, so that particular inventory and database for that is being maintained by Indian Railways. We call it forming a train, a train is formed by a database section of Indian Railways in various zones, so those sales were offered to us for sale and we could sell it in a better manner and we sold it, we earned good amount for us. Since these trains are no longer considered worthy for giving on a reserved segment so the ministry of railway has withdrawn them, so that was a temporary kind of a revenue which came to us for one-and-a-half year and we tabbed it very, very well still our booking is on a higher note. When we initially started in the pre-COVID levels, our daily average was nearly 8.5 lakh tickets a day that was the maximum inventory being sold by us in the reserve segment. Now we are selling nearly 11 lakhs of tickets that is per day, so we have already tapped a good potential nearly 80% of the booking is happening through IRCTC so reserve the segment, unreserved segment we just temporarily come to us. Now gradually has gone back, so the booking had shown some impact, but at the same time we have gained from the reserved segment and the new people who have now shifted from offline booking to online booking. The impact has been there, but it is not going to be that much. It is going to be covered through the festival booking and other bookings happening through our website.
- Akshay Bhor:** We just want to understand from when does the impact, it is visible that is the only thing I want to understand?
- Rajni Hasija:** It started in a phased manner, few trains went back in May, few trains went back in June, few trains went back in July.
- Akshay Bhor:** That is helpful and we appreciate that you have gone from 75% internet penetration for now more than 80% and that is why the overall price has increased. On a steady state basis that



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8.5 lakh which you are doing, can that number be 10 lakhs per day, is that like fair understanding or it can be lower?

Rajni Hasija: Few days it can be more also even more it can reach up to 13 lakh also, booking of the Diwali is going to be near and we normally book 120 days and when I talk about 11 lakhs it is the average booking I am talking about.

Akshay Bhor: I am saying this is all 2S that you can book 10 lakh per day as well from the earlier 8.5 lakhs per day?

Rajni Hasija: Your question is not clear.

Akshay Bhor: I just wanted to clarify that 8.5 lakh per day number that you are doing pre-COVID what will be corresponding number now if you are just for the 2S bookings that you will not do from let us say this quarter onwards?

Rajni Hasija: If you are asking on a personal, I would like to book 100%, but normally it is booked because few bookings are going to be on the offline mode, so whatever inventory is available to us and how many people we are offered to our website, we are going to handle them, so we are ready to handle as much as we can, but normally as of now we are booking nearly 11 lakh tickets in a day in spite of the fact the other 2S is gone in many trains.

Akshay Bhor: Okay, but not completely gone right so that is my only question when 2S is completely gone that 11 lakhs?

Rajni Hasija: I cannot tell you because I told you we do not make the trains, so there are many trains, many such trains, I think same question is being asked again and again for the benefit of others also I would like to explain that the train is being filed by the railways, they were given to us for sale, we sold them very happily and now in a faced manner railway has withdrawn that from the reserve segment, they have again come in the unreserved segment so few trains were with us even in the May, few were in 2S category was also with us in the June and few were also there in the July so there is a probability that you may be there in the month of August as well this.

Akshay Bhor: Got it, this is super clear and sorry to be asking the same question again.

Rajni Hasija: It is done in cases.



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- Akshay Bhor:** Okay, fair enough, this is super clear now. Madam, just on the catering segment, very strong performance, just wanted to understand from a full year 2023 basis, what kind of revenue are you targeting from catering if you have any numbers in that?
- Rajni Hasija:** In one of my previous concall, we had presented in the catering if everything was fine and nothing goes I say I am right I will not call wrong I am right in the form of a COVID-like thing so we would be touching nearly I think even more than Rs.1500 Crores also in a year.
- Akshay Bhor:** Got it, perfect and just on the margins both Rail Neer we know that there are some adjustments and we have to pay some share to railways now, are these margins in Rail Neer and catering sustainable and can we work with these for the previous quarter and this quarter?
- Rajni Hasija:** It is still sustainable, but for the current year, we have approached ministry, because we have already paid Rs.27 Crores in the previous year and this year because of the loss in production, because of the COVID and other things and that we would not be paying a fees, the sharing of the revenue, not payable in fact, so we have already approached ministry of railways that it is not payable during the current year, the previous year.
- Akshay Bhor:** My question was the margins that you reported in first quarter?
- Rajni Hasija:** Margin still we have, this quarter we have made up a good profit in the railway segment.
- Akshay Bhor:** If you have the numbers?
- Rajni Hasija:** Yes, I will be happy to share with you. In railway segment, the profit has been nearly Rs.9.18 Crores profit and on last quarter, the losses were to the tune of Rs.24 Crores out of which Rs.27 Crores we pay to Indian Railway.
- Akshay Bhor:** Thank you and all the very best.
- Moderator:** Thank you. Our next question is from the line of Madhuchanda Dey from MC Pro. Please go ahead.
- Madhuchanda Dey:** Thanks for the opportunity. I have a couple of questions. First is most of them data keeping. One is in this first quarter, what is the capacity utilization in the Rail Neer segment?



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- Rajni Hasija:** It has been more than 70% in all three months. I can share you in the month of April, the capacity utilization has been 74% and in May it was 82%, June it was 83.48% and July I will share in the next quarter.
- Madhuchanda Dey:** Okay madam, just the capacity ramp up schedule for Rail Neer in the coming few years?
- Rajni Hasija:** It is scheduled. This Simhadri plant is almost ready, we may commission it anytime, we are waiting for one of the license, so that one upgradation that 1.2 lakh liter will be there, very soon with us and our Bhusawal plant is also nearing completion may be ready near October, so two plants will be opened up this financial year before December of course and our earlier capacity, maximum capacity has been 14.8 lakhs liter a day, so that will now ramp up from 14.82 you can add 2 lakh more to that 16.8 we will be achieving before December.
- Madhuchanda Dey:** And in the next few years what is the plan madam?
- Rajni Hasija:** Our Bhubaneswar plant will come up, our Vijayawada plant will come up, our Kota plan will also come up, so you can add three more lakhs which is going to be 16.8 plus 3 nearly 19 lakh.
- Madhuchanda Dey:** By end of FY2024?
- Rajni Hasija:** Yes, should be.
- Madhuchanda Dey:** That is really helpful. Just one last question on the catering business as you mentioned that you are going to tender more and more in the new trains so what is the maximum capacity that you can reach in this business and where are you in that journey?
- Rajni Hasija:** It all depends how many trains railways start. If railway is going to run more trains, we will be providing more catering to the trains. As of now whatever trains have been offered to us for providing catering be it any form, be it with the pantry car or without pantry car so few trains people were ready to take on end-to-end basis those have been tendered out on end-to-end basis, few trains on segmental kind of a tendering so that also has been tried out, it was nearly 333 train, TSV tenders are still in the pipelines and few are in the process of commissioning, so if railway is starting more trains madam so we would be tendering more train and we are ready to handle it.



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Madhuchanda Dey: Just to get a sense of the number, suppose of the total trains which are run by Indian Railways in what percentage of trains are you already providing catering in some of the other form?

Rajni Hasija: Railway is running many passenger trains and many intercity trains, so we try to provide the catering on the trains where we have at least one overnight and some prospects of the sale is there and so that you can get license fee, catering provision in all the trains without license fee does not make any sense, so wherever the business probability is more and the directions are there to provide the catering where we provide the catering in the train and as of now we are providing nearly 436 trains with the pantry car and 610 trains in the TSV segment and if there is a demand we will be able to supply even in the intercity trains also.

Madhuchanda Dey: Okay and 333 tenders have been floated so far...

Rajni Hasija: They are in process of decision, because few sectors which are unpopular, they generally do not go very easily, so you have to work very hard to put them on track and it is a demand and supply where demand is more so immediate tendering is completed and where the demand is less, so license we also understands that it is a pure business madam.

Madhuchanda Dey: One just last question and this is a slightly long term question like we have done extremely well on the internet ticketing business but we are almost reaching our peak penetration level over there of course there will be a single digit growth, even in the catering we have progressed very fast, but the future growth is contingent on the new trains being made available and of course Rail Neer, there is capacity but that is not going to be a kind of a game changer so going forward looking beyond FY2023 what could be the key growth drivers for this company, incremental growth, a steady state growth is always going to be there because all these segments you have, people travel but incremental growth drivers, significant growth driver for this company beyond FY2023?

Rajni Hasija: The internet ticketing segment as yourself mentioned that it is going to be 82%, nearly 81% we have already achieved, so there is going to be some slow motion in that and in that case the company is now focusing on the non-convenience fee resources more in addition to the convenience fee resources, one key driver will be focusing on the other than internet ticketing segment and encashing the presence of IRCTC in the internet and the digital asset monetization that we have started, we have floated the tender for that, so we are hoping for some good results, one. Secondly, we would also be now looking forward as far as the growth is concerned in the tourism sector. In the tourism sector, we have already



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proliferated because of the COVID, we were not running our outbound tours, so this time we are planning a better outbound tours by way of appointing DMCs for all the country so that we would be undertaking then we would be running many trains in the Bharat Gaurav segment also where the turnover is better than the other train, so that is also going to be a key driver and state trailers as you have seen that after a gap of a two years it has not picked up so we are hoping for signing of MoU with the other states also so that could be a very good revenues potential in the days to come for IRCTC and increased potential by way of adding new Rail Neer plant as I have answered earlier. One more plant in the Kota is going to come and by increasing the capacity utilization of these plants further and infrastructure sector, the retiring room, budget hotels, because we are going to make, going to tender out the budget hotels on a different rate, the license fee, incremental license fee can be anticipated from that also and retiring room upgradation is another area where we are focusing and bus booking where we are really focusing very, very well and the results are very encouraging so that these are the few incremental growth factors where IRCTC would be now focusing on.

- Madhuchanda Dey:** That is a very helpful answer madam. Thanks and all the best. Thank you.
- Moderator:** Thank you. Our next question is from the line of Rahul Jain from Dolat Capital. Please go ahead.
- Rahul Jain:** Thanks for the opportunity. Congratulations on very strong numbers. I just want to ask one question in terms of cost, can we say there is a segmental cost which we have on this fixed basis are now back to the normalized run rate basis and here on we will see the growth basis cost increase or there are certain costs which are yet to go back to the normalized run rate?
- Rajni Hasija:** I think same rate is going to be there.
- Rahul Jain:** Right and secondly from the 2S volume whatever impact which we may happen, but what is the impact we may see on their non-ticketing revenue within the internet ticketing segment, do you see any correlation to that as well?
- Rajni Hasija:** With some impact in the overall industry had been seen after the things have resumed because when the travel happened, the hit on the website increases, so the advertisement potential goes up, so indirect impact will be there Rahul ji.



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Rahul Jain: Right and on the state teertha side we have done very well in this particular quarter, so how is the pipeline looking on this in the coming quarters?

Rajni Hasija: State teertha is a very different kind of a business where you require a lot of inputs and lot of day-to-day interaction with the states, so because the money has to come from welfare scheme which has to be brought to the common man through IRCTC in the form of services, so it takes time. If it is approved in a day, the trains start moving then the revenue comes very fast so we are in talks with the seven such states and hopefully our MoU are going to be signed soon, so once they are signed and the trains are announced. The impact will be seen and the series of the trains will run, so this year we are hoping for the good because of our MoU is in a conclusive stage in many states.

Rahul Jain: **audio cut 49:33** one which you are contributing to the current quarter?

Rajni Hasija: I cannot give the name of the states because these are the confidential, because many private players also talk to them.

Rahul Jain: Right and just last question from my side, on the tourism outbound side, have we seen new revenue coming in from that part or it is yet to happen given the COVID impact?

Rajni Hasija: It has started, only three tours have gone in the outbound, because till the e-visa is not there in many countries, so we have just started but whatever we have started that has been sold in full and now we have appointed DMC's so we need not do tender again and again so we would be doing if the more and more country opens we would be selling it at a faster rate, although we have also blocked the inventory with the airline so that we can start in this season. Generally for outbound tours November, December is the season when we sell more tours, so October also of course, so we are gathered our resources together hoping for the e-visa to start very soon, let us see, let hope for the good.

Rahul Jain: And last question, any update on the payment gateway initiative we were trying outside IRCTC app?

Rajni Hasija: In this AGM, we are bringing the matter to be included in MOA after that we will be submitting our paper to RBI. Without having license for PPI we cannot go outside Sir, so first let us procure the license and then we will be going outside as an aggregator; however, our revenue from the I-pay is concerned this particular quarter we have done very, very well



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and I will be happy to share with you that total revenue of the iPay has been Rs.27 Crores out of which I think net revenue of IRCTC has been nearly Rs.10.7 Crores.

- Rahul Jain:** Okay. Thank you madam. Best of luck and congratulations on very strong performance.
- Moderator:** Thank you very much. Our next question is from the line of Akshay Bhor from Citadel. Please go ahead.
- Akshay Bhor:** Thank you for the opportunity again. I just wanted to understand both employee expenses and other expenses have been lower on a sequential basis from Q4 of last year despite the pickup in the activity. Just want to understand what is behind it?
- Rajni Hasija:** In the earlier year, the provision for PRP had been more, now we have standardized that from based on our experience that excess provisioning is not required. When we do more provisioning it is counted in expenses, so this time we have reduced that expenses, although needs of each and every employee has been covered, so excess provisioning does not make any sense so we have reduced the provisioning for that is why you can see the less expenses.
- Akshay Bhor:** Got it and the run rate for July in terms of internet ticket booking, can you please share that, because some of the data shared by railways on passenger has come up in the month of July, I just wanted to understand from your ticket booking numbers, how is the run rate?
- Rajni Hasija:** If you ask me the number up to June, I have answered July, I think it is little lesser than what we had in the June, because of the rainy season, the percentage goes down. It is little lesser than that.
- Akshay Bhor:** Okay, 11 is what you said?
- Rajni Hasija:** The ticket booking as we know that these are 120 days earlier and for festival booking we have already started, so we can see some changes this month and next month also.
- Akshay Bhor:** Okay, it is likely longer term view from your side on this internet penetration of 80% how much can this realistically go over the next three, four years?
- Rajni Hasija:** It is going to grow, but at a slower pace not at the same pace that it has grown in the COVID period. In COVID period people did not have any other option, but in the offline



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mode is going to be there some percentage is certainly going to be there, because at remotest location we do not have these internet facilities and if more trains are there certainly we will get more because the DFCCIL, Dedicated Freight Corridor is many of the goods trains are going to be diverted on that so the line capacity will be available with the Indian Railways to run more trains. In that case if more trains are run by Indian Railways suddenly we will be a beneficiary in terms of getting more and more booking, but some offline booking is continue to be there. The growth is going to be there, but at a certain one percent each year or two percent more than that so this can happen in this matter.

- Akshay Bhor:** Thank you so much for patiently answering those questions.
- Moderator:** Thank you. Our last question is from the line of Rattan Juneja from CI Value. Please go ahead.
- Rattan Juneja:** Thanks for the opportunity. I would like to know the volume and value of bus ticketing business this quarter and how do you see it going forward madam?
- Rajni Hasija:** I will share some figures with you for a couple seconds. In the year 2021-2022 last financial year, our total revenue from the bus booking has been nearly Rs.4.95 Crores and out of which IRCTC share was nearly Rs.35 lakh or so, IRCTC share is in terms of convenience fee and commission right, but we have tied up with the eight state governments and in the first quarter alone we have been able to earn revenue of Rs.4.51 Crores and Rs.32 lakhs is our commission plus convenience fee so the quantum and the potential in the bus traffic is more, but the only thing is that we have tied up through an agency and while the state governments are not tying up, we are also tying up with the state governments directly also, so some reservations are here and there, but it looks that potential in this business is going to be good and our alone convenience fee income can be rise with the better marketing for which we are now going to follow our strategy.
- Rattan Juneja:** Second question is what is the percentage of internet ticketing revenue for the AC class?
- Rajni Hasija:** In AC, you have three, four classes. You have executive EA class Anubhuti it is 0.03% and in the first AC is 0.64%, second AC is 5.83% and third AC is 21.76% and tier are is CC 5.7%, so you can add to the total now.
- Rattan Juneja:** Thanks.



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Moderator: Thank you very much. Ladies and gentlemen that was the last question. I now hand the conference over to Mrs. Rajni Hasija, CMD for closing comments. Please go ahead Madam.

Rajni Hasija: As usual the session has been very interactive and we hope that IRCTC has been able to answer all your queries and doubts, although I can only tell you that this has been the best quarter so far and my team has done really its best and to make up all the losses which we had during the COVID period because the entire industry was suffering with that. With this note I hope very good luck to all of you and wishing you a very Happy Independence Day. Azadi Ka Amrit Mahotsav we will celebrate, our AGM is also falling on 26, so whosoever our shareholders are request them to join online, it is going to be through virtual mode, so let us hope for the good and wish you all the best in the coming season. Thank you very much.

Moderator: Thank you very much madam. Ladies and gentlemen on behalf of IDBI Capital that concludes this conference call. Thank you for joining us and you may now disconnect your lines. Thank you.