



इंडियन रेलवे कैंटरिंग एण्ड 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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2019/IRCTC/CS/STEX/356

February 5, 2021

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001 Scrip Code: 542830	National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot No. C/1, G – Block Bandra Kurla Complex, Bandra East, Mumbai Mumbai 400 051 NSE Symbol: IRCTC
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Sub: Outcome of investors/analysts meet – Transcript of the Post result Conference Call

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 27th January, 2021, regarding investors/analyst conference call, please find enclosed the transcript of the Post Result Conference call held on Friday, 29th January, 2021 to discuss the Financial Results for the quarter and nine months ended on 31st December, 2020.

You are requested to kindly take the same on records.

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 Limited Q3 FY2021 Earnings Conference Call”

January 29, 2021



ANALYST: **MR. URMIL SHAH – IDBI CAPITAL MARKET AND SECURITIES**

MANAGEMENT: **MR. MAHENDRA PRATAP MALL – CHAIRMAN AND MANAGING DIRECTOR - INDIAN RAILWAY CATERING AND TOURISM CORPORATION LIMITED**
MR. AJIT KUMAR - DIRECTOR (FINANCE) - INDIAN RAILWAY CATERING AND TOURISM CORPORATION LIMITED



*Indian Railway Catering and Tourism Corporation Limited
January 29, 2020*

Moderator: Ladies and gentlemen, good day and welcome to IRCTC Q3 FY2021 Earnings Conference Call hosted by IDBI Capital Markets & Securities. 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 the 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. Urmil Shah from IDBI Capital Market & Securities. Thank you and over to you Sir!

Urmil Shah: Thanks Steve. On behalf of IDBI Capital, I welcome you of our Indian Railway Catering and Tourism Corporation or IRCTC’s for Q3 FY2021 earnings concall. On behalf of IDBI Capital, I thank the management for giving us the opportunity to host the call. Before handing over the call Sir, with this call being CMD his last call, I would like to thank him for this opportunity given to us. CMD Sir, it has been an excellent and a very insightful experience every time we have interacted with you and of course nevertheless you have led the company through multiple transitions which have been visible in the performance both as regards company’s financial and at the capital market as well. Of course, you will be missed but we still thank you and all the best for your next innings.

From the management, we have IRCTC’s CMD – Mr. Mahendra Pratap Mall and Director (Finance) – Mr. Ajit Kumar. I will now ask CMD to give his opening remarks. Over to you, Sir!

Mahendra Pratap Mall: Good morning everybody. I wish you and your dear ones are great and safe 2021. We are meeting for the first time in this calendar year. I welcome you all to IRCTC concall for the quarter and nine months ended December 31, 2020. Yesterday the Company had announced the unaudited financial result for Q3 and nine months FY2021 and the same have been disclosed on both the stock exchanges.

As you know the COVID-19 pandemic has impacted us across all the business segment and hospitality was worst affected which weighed on year-on-year performance. However, Q3 has seen good improvement in revenue and profitability on quarter-on-quarter basis. All these segments apart from tourism have seen quarter-on-quarter improvement in profitability even the tourism segment would have seen an improvement but for partial operation of Tejas trains. I shall now handover the concall to our Director Finance and CFO who will provide details of Q3 result after which we will have question-answer session.

Ajit Kumar: Thank you CMD Sir and a warm welcome to one and all to our Q3 FY2021 earnings concall. Let me first give the overview of the financial results followed by a brief of our performance of each segment.

Q3 revenue came at Rs. 224 Crores which implies a strong growth of 153% on quarter-on-quarter basis though on year-on-year basis it is still lower by 69% impacted by the pandemic as Sir has



discussed earlier. EBITDA margins for the quarter had touched a new high of 42.2% versus a loss of 6.3% in Q2 FY2021 and EBITDA margin of 37.1% in Q3 FY2020. This was driven by the quarter-on-quarter increase in profitability of the internet ticketing segment and lower loss in the catering segment. Tourism was the only segment which saw a quarter-on-quarter increase in loss but was largely offset by the decrease in losses in packaged drinking water segment. Even the present segment would have seen improvement but for partial operations of Tejas trains. The net profit for the quarter stood at Rs. 78 Crores versus 33 Crores quarter-on-quarter and Rs. 206 year-on-year.

Now let me now move to the business segments of the company. The first one the internet ticketing, the internet ticketing segment generally have the second largest contribution to company revenue. However, due to the impact of the pandemic it has been the largest segment for Q3 FY2021 and nine months FY2021. For Q3 FY2021 revenue for this has improved to Rs. 153 Crores versus Rs 58 Crores in Q2 FY2021 and Rs. 227 Crores in Q3 FY2020. Income from semi charge was about 95 Crores with 55 million tickets being booked through IRCTC. The EBITDA margin have improved to 76.3% versus 58% in Q2 FY2021 and 85.2% in Q3 FY2020.

Now coming to the catering segment, in Q3 FY2021, the revenue for the segment was Rs. 49 Crores versus Rs. 17 Crores in Q2 FY2021 and Rs. 269 Crores in Q3 FY2020. The loss at EBITDA level declined to Rs. 8 Crores versus a loss of Rs. 33 Crores in Q2 FY2021 and EBITDA profit of Rs. 30 Crores in Q3 FY2020. This segment continues to see the impact of the pandemic and only ready to eat meals were in the service on the trains and pre-cooked meals were allowed for the static capital units only that also for the part of the quarter. On the positive side, the pre-cooked meals through e-catering having a lot with SOPs, so we may see this further improvement.

Now next segment is "Rail Neer" the Q3 FY2021 saw a quarter-on-quarter pick up in revenue to Rs. 17 Crores versus Rs. 9 Crores in Q2 FY2021 they are still lower than Rs. 59 Crores in Q3 FY2021. The current capacity is around 14 lakh litres per day which will increase to around 15 lakhs litres per day by FY2020. This will be a train through addition of plants at Una and Bhusawal. Now the higher capacity will enable IRCTC to be ready with the supply volume as demand rises in the future.

Now next segment is tourism. Of course, the tourism segment has been impacted the most for the industry which is the phenomenon worldwide and so for IRCTC while the revenue improved quarter-on-quarter to Rs. 15.5 Crores from Rs. 4 Crores it is lower than Rs. 161 Crores in Q3 FY2020. Due to lower revenue and partial operation of the Tejas train the loss at EBITDA level increased quarter-on-quarter to Rs. 11.4 Crores versus Rs. 9.5 Crores in Q2. For Q3 FY2021, the capex was Rs. 15 Crores and for nine months FY2021 it has been around Rs. 80 Crores and the cash on the books as of end of Q3 FY2021 was Rs. 1560 Crores with core cash of Rs. 404 Crores.



With this we can now move to the question-and-answer session.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ashwini Agarwal from Ashmore Investment. Please go ahead.

Ashwini Agarwal: Good morning to all of you and hope all of you are safe too. Couple of questions, how do you see the tourism business evolving in the current quarter and the next few quarter, I believe you are restarting some of your Tejas express trains with the effect from middle of February if I am not mistaken, could you give us some outlook here?

Mahendra Pratap Mall: Yes, I will first mention about tourism. Tejas is slightly different from tourism because Tejas you can say it as primarily as a travel mode, now coming to tourism, tourism, we have a wide range from mass tourism to customise those, so our unique proposition is about this March tourism by way of Bharat Darshan trains and Pilgrimage special trains whereby we carry almost 700 – 800 tourists on a sleeper class train to various places of tourist or religious importance and we take care of everything. We did primarily senior citizens, in this segment, yes, we have made some inroads in the months of December, we ran to Bharat Darshan trains which ran to almost 90% occupancy. January, we have already done about three trains and till end of the financial year, we plan to complete about 14 such tours. Each such tour carries about 700 to 800 passengers for travel of anything between 10 to 14 days, so in this segment we are receiving very good response in fact Lucknow this last group train which started on 12, it got filtered within four days. So, that means it implies that fear of COVID is gradually going away and these are the frames where social distancing and other things are also, I mean difficult to frankly speaking to follower. People have started moving, so we are hoping that by March end, thing should improve drastically.

Ashwini Agarwal: Okay and any update on the Tejas trains because you started and then you stopped again because demand was not there?

Mahendra Pratap Mall: Tejas, we started in last festive season that is between Dussehra and Diwali and you recall that was the time when COVID cases were also at peak, so we did not get a viable occupancy on those trains, after that the cases have drastically come down, now we have gone to a level of almost 15,000 – 16,000 cases per day and positivity rate also has gone down drastically I mean barring two states that is Kerala primarily Kerala and to some extent Maharashtra. This is perhaps the good timeto start and we will start seeing from February 14.

Ashwini Agarwal: And will you be starting all of them or you will start?

Mahendra Pratap Mall: Two Tejas, we run two Tejas and one Mahakal. Tejas are basically intercity trains. Mahakal is overnight train, so we will start with two Tejas and then decide about Mahakal also.



Ashwini Agarwal: Okay and on the water business I mean you had a capacity constraint in the past but there is a significant investment going on right now you will get to 14 lakhs to 15 lakhs litres per day but over the next 12 months I think capacity is expected to increase if I am not mistaken to 27 lakhs – 28 lakhs litres or something like that?

Mahendra Pratap Mall: Firstly by March end we will go up to about 18 lakhs waters per day, What happens when any plant is set up normally during the first year it runs at about 15% to 16% capacity and once it is stabilised then second year it touches a level of around 75% to 80% and third year onwards it touches anything from 90% to 100% or may be even more in some cases, so most of our plants were commissioned in last three years to four years, so every plant will give us enhanced input. In addition to three plants or four plants which are commissioned during 2021.

Ashwini Agarwal: Sir how will the profitability change here, will you see operating leverage play out and I just wanted to compare as you migrate your customers from bought out water to Neer in your trains I am assuming that you will sell Neer first and if Neer is falling short you will sell a Bisleri or Aquafina whatever else, so how do the economics from a profitability perspective?

Mahendra Pratap Mall: There is a major difference, what happens when some stations and some trains are exclusive Rail Neer stations, as and when our production and capacity and logistics stabilises, we request railway board to declare more and more stations as Rail Neer stations so on those stations and those trains nothing except Rail Neer is sold. It is only at the stations where Rail Neer is not available either because of production constraint or logistic constraint that Indian railway I mean Zonal administration it approves various brands which are sold at those stations. So gradually when reach goes up, we approach Railway Ministry to declare more and more stations and Rail Neer mandatory stations.

Ashwini Agarwal: How does the profitability on a per bottle basis differ between Neer and bought out water?

Mahendra Pratap Mall: Bought out water, we have no control over that, we have no accounting for that. We are responsible only for producing and distributing and selling Rail Neer and profitability obviously depends primarily on because cost of production there will hardly be anywhere yourself. It is basically logistic.

Ashwini Agarwal: But on bought out water you will take any margin?

Mahendra Pratap Mall: No, we do not take any margin. Bought out water is purely handled by railways. We do not have any stake in that.

Ashwini Agarwal: Okay, so there you do not have any play?

Mahendra Pratap Mall: No.



- Ashwini Agarwal:** Unlike foods which get ordered where you get certain?
- Mahendra Pratap Mall:** Yes, that is different.
- Ashwini Agarwal:** I will come back in the queue. All the best.
- Moderator:** Thank you. The next question is from the line of Jinesh Joshi from Prabhudas Lilladher. Please go ahead.
- Jinesh Joshi:** Thanks for the opportunity. I have two questions, if I am not mistaken in the month of November some 465 trains were operational, so what I want to know is that what is the current count as of now and by when is the full capacity expected to ply?
- Mahendra Pratap Mall:** This is I mean answer to your question is purely in domain of Indian railways. November what you have mentioned 465 I can say that there is lot of festival special trains also running during that period. Currently, we are running about 400 trains I mean Indian railway is running 400 trains for which we are booking the tickets and this number keeps on changing like in a particular section if you are waiting list has gone beyond a number then immediately another train will run after that.
- Jinesh Joshi:** Sure, and Sir just 400 trains, what proportion of total capacity do they represent?
- Mahendra Pratap Mall:** It is very a wide question because if you these 400 trains are primarily mail express overnight are mail express trains and Shatabdi, Rajdhani type train, now if you compare it only with mail express train then it may be around 16% of the trains but if you compare with total number of trains which includes passenger and other trains then perhaps the ratio will be lower which may be around 35% to 40%.
- Jinesh Joshi:** Got Sir. In the opening remarks, you mentioned that the convenience fee income was 95 Crores did that I hear right?
- Mahendra Pratap Mall:** Yes, for the quarter.
- Jinesh Joshi:** Yes, if I look at our internet ticketing revenue that figure was 143 Crores and if reduce the convenience fee of 95 Crores, we have some balance income of 48 Crores which has come from other non-convenience related charges, we have to be slightly higher than what it was in the last two quarters so has anything changed between now and then?
- Mahendra Pratap Mall:** No significant change but one major thing number of tickets has gone up. Number of tickets has gone up, so financial charges transaction has gone up. This money comes primarily from the footfall on our website. Number of tickets going up foot fall on the site increases advertising for



advertisement potential goes up. Transaction volume goes up. We have some share in that so that also goes up.

Jinesh Joshi: Okay Sir got it, one last question. In the catering, business by when will the tariff hike start getting reflected in the numbers and what kind of margin expansion can we expect because of this?

Mahendra Pratap Mall: Catering currently we have instructions to serve only ready to eat meal which is on MRP basis so and when this relaxation for supplying regular meal which was done pre-COVID then revised tariff will be affected hectic from that period only because revised tariff was issues on October-November end which was implemented for mail express trains but for Rajdhani-Shatabdi this was to be effective from March 20. The moment this relaxation of supply of pre-cooked meal is given revised tariff will be applicable from that period only.

Jinesh Joshi: Sir margin potential?

Mahendra Pratap Mall: IN potential I mean if we compare it with pre-COVID period obviously the margin will be much higher compared to earlier this.

Jinesh Joshi: Okay Sir, thank you.

Moderator: Thank you. The next question is from the line of Ankit Gupta from LKM Capital. Please go ahead.

Ankit Gupta: Sir, can you tell me the number of tickets booked in this quarter as well as in nine months?

Mahendra Pratap Mall: Currently, we are booking almost 8 lakhs tickets per day, with COVID we were booking about 9 lakhs to 9.5 lakhs tickets per day. This quarter we have booked 5.5. Crore tickets that is 55 million.

Ankit Gupta: Okay now we are looking 8 lakhs per run rate?

Mahendra Pratap Mall: About 7.5 lakhs to 8 lakhs tickets per day.

Ankit Gupta: As you said our trains are only 35% to 40% of the total train but our tickets have already reached 80% to 90% of the pre-COVID level, so twice there was discrepancy?

Mahendra Pratap Mall: All these mail express trains they use to have 3 or 4 unreserved coaches. Now those unreserved coaches have been converted into sitting reserved coaches. So, each seat is reserved to a particular passenger, so those tickets are also booked by us now. Earlier it was part of unreserved ticketing system which was handled by railways now with conversion of these seats to 2S class



reserved booking is done by us and when I mentioned about 8 lakh tickets per day roughly 30% is from that segment.

Ankit Gupta: Okay and do you expect that once this COVID is out then fees will again be converted to underground tickets?

Mahendra Pratap Mall: I do not think so. Unreserved will largely be for passenger trains because these are long distance trains, I think it will continue.

Ankit Gupta: Thank you Sir.

Moderator: Thank you. The next question is from the line of Sanjay Bambalkar from Canara Robeco. Please go ahead.

Sanjay Bambalkar: Thanks for the opportunity. First, thank you for your dealership and best wishes for the future. Just one area which I want to know more is that when can we get more clarity on the future leadership for the company.

Mahendra Pratap Mall: It should be I mean government has a procedure of appointing Director, so applications have been called off, the only thing interview will be held may be another three months to four months things should be clearer.

Sanjay Bambalkar: Okay, thank you.

Moderator: Thank you. The next question is from the line of Sujit Jain from ASK Investment Managers. Please go ahead.

Sujit Jain: Mr. Mall, good wishes to you and best of luck for your future endeavours. I have question on number of tickets 5.5 Crore or 95 Crores convenience revenue which means Rs. 17 per ticket in this quarter?

Mahendra Pratap Mall: It is approximately Rs. 18. I mean we charge Rs. 20 on sleeper and Rs. 40 on A.C classes. However, for UPI and BHIM recharge 10 and 20. Our average realisation pre-COVID was about Rs. 20 – Rs. 20.5 which has recently gone down to around 18. Something because the share of BHIM and UPI is going up and as I told you this segment of an unreserved this seating which was unreserved earlier has been converted into reserved segment and this is the class from which more and more BHIM and UPI bookings are coming.

Sujit Jain: And they will be non-AC?

Mahendra Pratap Mall: Yes, non-AC. Seating unreserved is non-AC.



- Sujit Jain:** Yes, so AC tickets as a percentage of the overall booked in the quarter would be what roughly?
- Mahendra Pratap Mall:** AC-Non-AC ratio is about one-third – two-third but again this one-third– two-third was excluding this 2S category, so suppose 10 lakhs tickets are sold per day, out of that 3 lakhs are this 2S, out of balance 7 lakh roughly one-third is AC and two-third is non-AC.
- Sujit Jain:** 2S meaning the mail that was explained?
- Mahendra Pratap Mall:** 2S is seating reservation.
- Sujit Jain:** Got it and you are saying two-third– 1/3rd or 35% would be AC of the remaining 7 lakh, correct?
- Mahendra Pratap Mall:** Rest of the remaining 7 lakh.
- Sujit Jain:** In Rail Neer if you can quickly explain the business model, the bottle gets sold as Rs. 15 a litre, for every bottle that gets sold in the Rail Neer, how much you earn, how much comes to your P&L as revenue, how much you have to give to the bottler or to the manufacturer?
- Mahendra Pratap Mall:** Most of these plants they are on the PPP mode wherein we give them land and we give them the cost of I mean capital support also, so what happens normally we buy this water at about Rs. 5 to Rs. 5.5 then to this we had GST and logistic cost and we transfer this bottle to seller at Rs. 10 for distance within 50 km and Rs.10.50 for distance beyond that. I mean this entire process we have a margin of about Rs. 1.3 per bottle. In addition to this we get about 40 lakhs as licensee from each plant in view of land given to them and in addition to this sometimes you must have seen the level of labels on the water bottle having some advertisement, so that is extra source of revenue.
- Sujit Jain:** License fee is for annum and you will book it every quarter divide by 4?
- Mahendra Pratap Mall:** Yes.
- Sujit Jain:** Okay and one quick question is that the OSF has happened, government take 67.40 when will be the calendar of OSF?
- Mahendra Pratap Mall:** It is difficult for me to decide is basically Ministry of Finance and BPAM they decide and convey to us that...
- Sujit Jain:** No, we understand that what we are asking is when is the next that they are allowed of this OSF because there will be at a cooling off period in between?
- Mahendra Pratap Mall:** I think two years is cooling period for us.



- Sujit Jain:** Okay. I get back in the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Sanjay Kumar from L&D. Please go ahead.
- Sanjay Kumar:** I wanted to know that when the long-distance trains are going to be started, lots of trains are still on hold?
- Mahendra Pratap Mall:** It is for Indian Railways to decide and they are studying the occupancy level at various routes and various trains and trains are being started in phases wherever demand is there. They are friction where in addition to running all the regular trains, some close trains are run because there is heavy demand. We have no control over frankly speaking stopping a train except three of our trains and Indian Railway is doing that exercise.
- Sanjay Kumar:** When this Tejas is going to be resumed, Mumbai out of the Tejas?
- Mahendra Pratap Mall:** We will start from February 14 again, both Lucknow-Delhi and Mumbai Ahmedabad Tejas.
- Sanjay Kumar:** Okay, thank you so much.
- Moderator:** Thank you. The next question is from the line of Prolin Nandu from GMO. Please go ahead.
- Prolin Nandu:** Mr. Mann, couple of questions from my side, one is that with the run rate that you have mentioned of 7.58 lakhs is this the current run rate or of the booking per day?
- Mahendra Pratap Mall:** It is current for January so far.
- Prolin Nandu:** Okay and Sir in terms of internet booking of the railway ticket the overall market share was around 75%, 25 % was still booked on the ticketing window before COVID. What is the number right now?
- Mahendra Pratap Mall:** It is around 91% - 92%.
- Prolin Nandu:** Okay, and once let us say this pandemic we are out of it what is it that to think that this number be settled at?
- Mahendra Pratap Mall:** We are hoping that this will sustain at this level because all of us know the comfort level in booking a ticket sitting at home rather than going to a booking office standing in queue for an hour and doing all that exercise. So, anyone who has once seen the convenience I do not think they will go back to window again. So, we hope that this ratio, this percentage, this market share will continue but at the same time we also know that of certain percentage will always be there on window because, there is a basic difference in ticket bought from window and bought on like. If somebody has bought a ticket from window and he is wait listed and he boards the train he is



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authorised passenger, he is not treated as ticketless traveller. Whereas, if online ticket with this e-ticket that we give if somebody is in wait list and he travels on the train he is treated as ticketless traveller and he is charged penalty accordingly. So, a small segment of passenger those who must travel by any means in any case he will buy ticket from window and then even with waiting list he will board the train because his main objective is to reach the destination.

Prolin Nandu: Got it, and sir, last question in fact we get so many hits per day on our portal, we have such a rich customer data base what are the plans apart from advertisement to monetize this data?

Mahendra Pratap Mall: Somebody asked the question before that with the calculation that Rs.95 Crores is from ticketing revenue and non-convenience was about Rs.45 Crores so, it is we are doing all out efforts out of that Rs.45 Crores roughly Rs.7 Crores - Rs.8 Crores may be Rs.10 Crores will be from advertisement and rest is from this type of efforts which we are mentioning, and we are executing more and more projects for monetizing the foot falls.

Prolin Nandu: Sir, in terms of the potential of monetizing the foot fall where are we, are we 20% there, 30% there just a rough number if you can put a number to it?

Mahendra Pratap Mall: It is very difficult to define.

Prolin Nandu: Sure.

Mahendra Pratap Mall: Say, at least 100 of people they have approached me that I am sitting on a gold mine and somebody says this potential is Rs.500 Crores, somebody say Rs.5000 Crores but nobody comes in a concrete thing how to extract the gold from the mine. It is an unknown potential frankly speaking. So, whosoever comes with any concrete proposal we allot him go and do it and concession are there almost 10% to 15% if you have anything concrete proposal you are most welcome?

Prolin Nandu: Understood Sir. Thanks a lot, and all the best for your endeavour.

Moderator: Thank you. The next question is from the line of Nihal. M. Jham from Edelweiss. Please go ahead.

Nihal Jham: Thank you so much. Sir, just one question from my side, I just wanted to know what would be the proportion of tickets that are booked by the UPI and the BHIM route and the discount that we are offering does that have a definite period after which would you get over or it is going to be a permanent in nature?

Mahendra Pratap Mall: BHIM UPI booking earlier was in the range of 15% now it has reached about 22% - 23% and there is no definite period, but we can always change it and discount given is as I mentioned in



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reply to one of the queries that for non-AC class normally it is 15% and AC class is 30% for BHIM and UPI it is 10% and 20%.

Nihal Jham: Do we have a plan of wanting to conclude this discount any time soon or that is call we will take later?

Mahendra Pratap Mall: We will take later.

Nihal Jham: Okay, sir that is all from my side. Thank you so much.

Moderator: Thank you. The next question is from the line of Manish Poddar from Nippon India AIF. Please go ahead.

Manish Poddar: Sir, just had few questions, one is if you could probably talk about the capex for FY2022 and FY2023 in terms of both the metro capacity capex and the capex which you were intending for the hotels business?

Mahendra Pratap Mall: We had planned for about Rs. 150 Crores for all the projects. We have virtually deferred the capex by one year. Especially the capex on internet ticketing segment we got all the licenses renewed by a year and deferred it by one year. Hotel capex also because there was delay in finalization of bids, I mean so far, we could finalize the tender only for Khajuraho there are some issues with Kevadia Hotel. So, virtually you can say that entire capex is deferred by one year.

Manish Poddar: Okay and would you be able to achieve let us say with Airline ticketing in Q3 versus Q2 how many would you have booked now for the quarter has over?

Mahendra Pratap Mall: Our 5000 tickets are the current volume Q3 it was around 3500 tickets. Currently it is 5000 tickets up to quarter two it was around 3000 tickets so there is a growing trend in that.

Nihal Jham: Okay and this one last one is that have we launched the miles program or when is it expected to launch?

Mahendra Pratap Mall: I think within this financial year it is expected to be launched. We are doing the technical integration for that.

Nihal Jham: Thank you so much.

Moderator: Thank you. The next question is from the line of Dharmesh Pant from Art Ventures. Please go ahead.

Dharmesh Pant: Good afternoon Sir. Congratulations on a very good set of numbers in thee given environment to a level to believe challenges. So, I have two questions, first one is on the convenience what the



outlook is going forward is there likely chance that this fee can be revised upward and the second one is just wanting to know the margins were exceptionally high so when the things are normalized, I think in FY2020 kind of operation is back to where at level it was in FY2022 – FY2023. So, is this margin sustainable going forward, I mean EBITDA margin?

Mahendra Pratap Mall: The answer to your first question is, currently we have no thinking about increasing the convenience fees because our current margins and revenue is good enough to take care of company. Now, your second question, obviously it is a matter of simple calculation that once the operation normalizes to pre-COVID level now, in all segments ticketing because of number of tickets going up in catering because of increase of tariff, tourism also by increase of volume. So, obviously it is a sheer calculation that you are that will tell you that EBITDA margin will go up if operation normalizes to pre-COVID levels.

Dharmesh Pant: Okay, so just EBITDA margin will go up from where it was reported in Q3 FY2000 just wanted some margin is likely to go up from on normalization of operations that is what you are pressing now?

Mahendra Pratap Mall: Q3 onwards it will improve quarter-by-quarter because there is a growing trend.

Dharmesh Pant: That is terrific, that is base. Thank you so much.

Moderator: Thank you. The next question is from the line of Ashwini Agarwal from Ashmore Investment. Please go ahead.

Ashwini Agarwal: Sir, in the past what was the kind full capacity number of tickets being sold on a per day pre-COVID compared to the 7.58 lakhs number that we have now what was that at the peak?

Mahendra Pratap Mall: There may be exceptional days of peak when even 15 lakh - 16 lakh tickets are sold but pre-COVID if you take a broad average it was about 9 lakhs tickets per day. Currently even with around 40% - 45% of the trains running we have reached the level of 8 lakh tickets per day. This increase is contributed largely by conversion of unreserved seat into reserved seats in mail-express trains. Each mail-express train runs with about 4 to 5 unreserved sitting coaches. So, all the seats in these coaches have been converted into reserved seats with a class of 2S second sitting and this unreserved ticketing has now moved to reserved ticketing and we are beneficiary currently the figure which I mentioned about 8 lakh tickets per day roughly 30% is contributed by this class 2S.

Ashwini Agarwal: So, there were two drives for you, one is shift from unreserved to reserve because this 2S class came in and second is your 75%-78% went to 91%-92%?



Mahendra Pratap Mall: Yes. In future what is going to happen more and more AC coaches will be put into service instead of sleeper so, that is another growth driver because for every AC birth your realization, your revenue is almost double.

Ashwini Agarwal: And just to confirm the charge for sleeper is Rs.20 for AC is Rs.40 per ticket and 2S?

Mahendra Pratap Mall: Rs.15 and Rs. 30.

Ashwini Agarwal: Rs.15 and Rs.30 and for 2S also you charge Rs.15 or it is a lower number?

Mahendra Pratap Mall: Rs.15.

Ashwini Agarwal: Rs.15 only. Okay, thank you sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Sushmit Patodia from Motilal Oswal Asset Management. Please go ahead.

Sushmit Patodia: Good afternoon. What is the total database now and what is the number of active users?

Mahendra Pratap Mall: Total database is about 6 Crores, active users are about 5 Crores, and daily new registrations are about 25000 users per day.

Sushmit Patodia: Okay, and sir my second question is the no run period or the agreement the discussion that you are having with Indian Railways, how much is the amount?

Mahendra Pratap Mall: This is for Tejas train you are mentioning, lease charges for that?

Sushmit Patodia: The April 1 to October 15 deal?

Mahendra Pratap Mall: So, lease charges for that and fixed haulage it will be around Rs.14 Crores for both the trains.

Sushmit Patodia: Only Rs. 14 Crores?

Mahendra Pratap Mall: Yes.

Sushmit Patodia: My last question is with respect to this interest rates coming down is there any unfunded pension or gratuity?

Mahendra Pratap Mall: No.

Sushmit Patodia: Thank you very much and all the best.



Mahendra Pratap Mall: Thank you Urmil Shah, Urmil I have some other engagement so now Mr. Ajit Kumar our Director Finance and CFO will reply to all the queries, please excuse me, and thank you everybody.

Urmil Shah: Thanks for your time.

Moderator: Thank you. The next question is from the line Sujit Jain from ASK Investment Managers. Please go ahead.

Sujit Jain: I just had a query, in the beginning when we had this ticketing platform who delivered that and what was the cost?

Ajit Kumar: Ticketing platform, we started in fact this internet ticketing we started in 2013 and from there only this journey of this convenience and what are the charges just started. Of course, in one time also this was as additional promotion this was taken away also but of course we were compensated but then after that the mutual finance and as well as the railways within this authority to decide fix up the convenience charges so which we terms as convenience charge and then from 2018-2019 we are charging this around Rs.15 and Rs.30 and for UPI and BHIM of course it is discounted as around Rs.10 and Rs.20.

Moderator: Seems that we lost the connection for the current participant. We move on to the next question from the line of Tushar Bohra from Emkay Ventures. Please go ahead.

Tushar Bohra: Thank you so much for the opportunity, Sir. Just quickly checking, I am not sure whether this was covered earlier, would like to understand when the dedicated freight corridor comes in over the next couple of years. Structurally what are the positives that we could see for the passenger trains and in turn for IRCTC across the different lines of business?

Ajit Kumar: The DFCTIL will start operating is already some stretches, some of the segments already started but once from end to end it starts then we will have the capacity and then those passengers because there is always gap between demand and supplies. So, the demand is more that means a greater number of passenger trains will be running and DFCTIL will also offer track and all that may at whatever charges so Indian Railway will run more passenger services and the quantum number the list will be there of the number of passengers and most probably what we told in the COVID time around 90% of the booking is by online ticketing. So, the number of passengers will increase the volume will increase and then we intend to benefit from that because of a greater number of bookings, to more occupancy by the internet ticketing as well as catering also. Because catering and other segment they need another segment I mean whatever the services which we will offer apart from internet ticketing then catering they need so all these things will be intended to benefit so that will be beneficial to us in the long run.



Tushar Bohra: Sir, it would be fair to assume that with the dedicated freight line and separate passenger line the overall train speed should move up and therefore your travel times should also significantly shorten?

Ajit Kumar: Yes, very correct. Now, almost the route and saturation in route so, the once with this freed the capacity will be more and the trains will run at higher speeds and of course a greater number of ends to end whatever the services the trains will start running. So, that is the projection that is prediction also.

Tushar Bohra: And behaviourally is it a good assumption to make that as your travel time shortens significantly for shorter distances the tendency would be to go for external catering a lot more in percentage terms?

Ajit Kumar: It all depends on because one is if you see the geographical location of India both end to end long distance trains one night- two nights and all that and then of course the Shatabdi type of trains with the Intercity so both will increase the volume will increase, the number of passengers will increase. So, it is not that they will shift immediately from train to road ways for example from Delhi to Lucknow we told you or let us say from Mumbai to Ahmedabad, already roads are very good condition, the people have their own cars and all railway is also running the trains and we are running in the private train the Tejas train that is from Lucknow to Delhi and Mumbai to Ahmedabad and we are running this is on profit except for this COVID times of course when we had to stop due to the low occupancy. But in normal course there is good profit.

Tushar Bohra: Sir, one last if I may quickly squeeze in, I would like to understand your two year- three-year vision or outlook for what are the non-core services today, but which have more optionality like having your own wallet or the payment gateway or insurance and things like that. If you can help us understand is there any optionality significant profit optionality in any of these that you are looking to tap over the next three years?

Ajit Kumar: Yes, payment gateway of course we are very serious, we already have I Pay, I Mudra we already we are in current state there is a license we must take from the RBI. The board has already passed, and we are applying for that and then also we would like to one of the great the mover here in the payment gateway segment and we will try to have more number many of the state governments do not have payment gateway so that we want to cater to that and of course then we will keep on expanding as demand. But that will be one of the non-cores which will give the good profit margin in the years to come.

Tushar Bohra: And how about the wallet service?

Ajit Kumar: Wallet services also the same. We are serious on both we already have the I Mudra, and we are trying to get into the market and already if you see the percentage of the revenue this is one from



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of course the core areas we have done ticketing and the non-convenience also the way the core branded card and the UPI. So, we intend to get something from ad, something from this wallet, something for the payment gateway, something from the co-valued card, so these are all the segments which will keep on adding up our revenue.

Tushar Bohra: So, the wallet we intend to build this as an offering beyond railways as well. I mean we will go to partner with others.

Ajit Kumar: That is the intention. We want to, this is one of the features, we have the data base then if you see we are the only one who have the party to book the tickets this online for the railways and we have been given this license to for the Air ticket also. If you see this, we are the lowest service charges for Air tickets and those passengers who want to have a flexibility of the railways as well as tie up with journey through Airways. We are the one who can provide a very good solution and of course the last connectivity and all that we are trying to think of. So, this will increase only.

Tushar Bohra: Sure, thank you so much.

Moderator: Thank you. The next question is from the line of Priyank Chheda from Standard Chartered Securities. Please go ahead.

Priyank Chheda: Hi! Sir, just wanted to understand the update on railway privatization agenda and how IRCTC is going to participate or benefit?

Ajit Kumar: The government of India for the first time has come out with the tenders for running of the private trains these are around 150 trains will be there and train clusters are there. We are serious bidders because we are the only entity apart from railways who have the experience and expertise to run private trains. We have already run of course timetable trains two Tejas trains and overnight train this Mahakal Express we run apart from that of course the tourist trains and all that this Maharaja Express and all that we have experience of running. So, we are very serious here and then out of eleven clusters, ten clusters we have qualified on our own, this one of the clusters we could not qualify because the networks and all that because of the stringent criteria. But out of eleven ten we have qualified. Our expert team or the consulting expert team in house they are on job and Indian Railways have deferred this bidding for the next two months. So, we are very serious on this and we are the active participants and active players in this field and the way in which we have seen the Tejas trains because in India the high-end passengers they want to pay but they want a good service. So, in Tejas trains though our fare is slightly 10%-15% higher than the Indian Railways and you will be surprised note that from Ahmedabad to Mumbai 30 minutes before our Tejas and 30 minutes after Tejas the two trains of the Indian Railways are running, and we are established between and we are still running profit from the day one. We had thought earlier that after one year- two years something like we will break even but whatever the



slide publicity, slide marketing, day on we have started the break even this as a profitable segment and then day by day the occupancy increased and we also started taking the feedback from the passengers and we tried to take to the level and you will be surprised to note the level of services, level of food and level of catering and level of whatever the cleanliness and hygiene and all this it is better than the Airlines. This is the comments of those passengers, therefore there is definitely big number of passengers who want to pay slightly higher but want the premium services and we are ready to cater to that.

Priyank Chheda: So, thanks for that detailed answer. Just to add on this discussion do we plan to add more Tejas trains. Tejas trains would be our focus or participating in the privatization agenda solely or which way would be our focus?

Ajit Kumar: Tejas trains this must be decided by the Ministry of Railways. We have asked for it, but we do not know the response to the metro railways may be that if the private trains are running in operation, they may not give the license for more Tejas trains that is up to them. But we are open for both because there is a real demand and supply gap and between few sectors there is so much of waiting list and all that. We are ready for both, we geared for both, we are already in the talk of this regarding this private and how this lease financing and the rates and all that we will take on Tejas trains we are open. We are open as the company whatever profitable we will take it and according to us both are profitable ventures.

Moderator: Thank you. The next question is from the line of Agam Shah an individual Investor. Please go ahead.

Agam Shah: Most of my questions are answered. Just a follow up and wanted to comment again so that Sir, commented that for the AC might open. So, can you just elaborate on that, I missed your point on that?

Ajit Kumar: Could you repeat your question, I mean please be clear what exactly you want the update?

Agam Shah: If you comment for the Ac compartment, I think more of the opportunity there is something you had said about, so just I had missed the point there. So, can you just give the colour?

Ajit Kumar: AC compartment I do not think that we commented. Right, as of now the internet booking the convenience it is Rs.15 for the non-AC and Rs.30 for AC. Now, suppose that this number or the trend is like this that a greater number of AC trains will be there, a greater number of coaches will be there. So, certainly the revenue that is the convenience fees will increase from Rs.15 to Rs.30 so in percentage form also and magnitude also we stand to gain by a greater number of AC coaches.

Agam Shah: Okay. Thank you.



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Moderator: Thank you. Ladies and gentlemen, due to time constraint that was the last question. I now hand the conference over to Mr. Urmil Shah from IDBI Capital for closing comments.

Urmil Shah: Thank you Steve. Thank you everyone for logging in for the call and have a good day. Thank you everyone.

Moderator: Thank you. Ladies and gentlemen, on behalf of IDBI Capital Markets that concludes this conference. We thank you all for joining us and you may now disconnect your lines.