



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

"CIN-L74899DL1999GOI101707" E-mail : info@irctc.com Website : www.irctc.com

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<b>BSE Limited</b> 1 <sup>st</sup> Floor, New Trade Wing, Rotunda Building Phiroze Jeejeebhoy Towers, Dalal Street Fort, Mumbai – 400 001 <b>Scrip Code: 542830</b>	<b>National Stock Exchange of India Limited</b> “Exchange Plaza”, C-1, Block-G, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051 <b>Scrip Symbol: IRCTC</b>
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**Sub: Outcome of investors/analysts meet – Transcript of “Q4FY’23 Earnings Conference Call” held on May 30, 2023.**

**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 May 25, 2023, please find enclosed herewith the transcript of **“Q4FY’23 Earnings Conference Call” held on May 30, 2023.**

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: a/a**



“Indian Railway Catering and Tourism Corporation  
Limited

Q4 FY ‘23 Earnings Conference Call”

May 30, 2023



Dolat Capital



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

**MODERATOR:** **MR. RAHUL JAIN – DOLAT CAPITAL MARKETS  
LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Indian Railway Catering and Tourism Corporation Limited Q4 FY '23 Earnings Conference Call hosted by Dolat Capital Markets Private Limited. 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 star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rahul Jain from Dolat Capital. Thank you, and over to you.

**Rahul Jain:** Thank you, Renju. Good afternoon everyone. On behalf of Dolat Capital, we welcome you all to the Q4 FY '23 Conference Call of IRCTC Limited. I take this opportunity to welcome the management of IRCTC, represented by Smt. Rajni Hasijaji, who is CMD of the company; and Mr. Ajit Kumar ji, who is Director, Finance and CFO of the company.

And now, I would like to hand the conference over to IRCTC management to take the proceedings forward. Over to you, please.

**Rajni Hasija:** Very good afternoon to everyone present here and a very warm welcome to you and all the presentees to this con call of IRCTC Limited for the quarter and the year ended 31, March 2023. Wishing you and your dear ones a very good health also.

Yesterday, your company had announced audited financial results for the fourth quarter and year ended 31st March 2023 and the same has been disclosed on both the stock exchanges website also.

I shall first give you a brief overview about quarter -- the last quarter of fiscal '23 and the overall results of the financial year '23 also, post which our Director Finance and CFO, will provide the details of the performance of our business segments post which we shall have a question-and-answer session too.

The last quarter of financial year '23, the revenue was all-time high. That is INR965 crores, a very strong growth of 5.1% quarter-over-quarter and year-over-year, the growth has been 39.7% has been seen. In the last quarter of financial year '23 the tourism segment has been the main driver of the quarter-over-quarter revenue growth, given that the quarter is seasonally the best quarter for the segment.

As you would be aware about the difference in the profitability of our business segments, the change in the business mix resulted in the EBITDA margins coming to 33.6% versus 35.5% quarter-over-quarter and 40.3% year-over-year. Importantly, the absolute EBITDA of INR324.6 crores was in line with the INR325.8 crores in the third quarter of financial year '23.

The net profit before exceptional items for the quarter, last quarter of financial year '23 came to 253 crores that is INR253 crores, vis a vis INR254 crores in the third quarter of the financial year and INR218 crores in the last quarter of the previous year.

For the year FY23 as a whole, the revenue which has been lifetime high for the IRCTC came to be INR3,541.5 crores and grew by 88.5% year-over-year. That is the absolute EBITDA came at INR1,276 crores with 46.3% year-over-year and EBITDA margin came at 36% versus 46.4% year-over-year given the changes in revenue mix. Life time high net profit before exceptional items also came. That is at INR978.7 crores versus INR663.6 crores from the last year.

The Board of Directors have recommended a final dividend of INR2 per share, subject to shareholders' approval, which takes the total dividend of INR5.5 per share for the financial year '23, highest ever dividend declared by IRCTC so far.

I would like to conclude my opening remarks by saying that IRCTC has demonstrated once again a resilient business model during and most importantly, post the COVID-19 pandemic. It is its resilience that would keep the company to continue on its growth path in the future as well.

Now I shall be handing over the call to my colleague and our Director and CFO, Shri. Ajit Kumar, to brief you on the financial and segment-wise performance of the company. Thank you very much, gentlemen.

**Ajit Kumar:**

Good afternoon, everybody, and I hope you and your dear ones are good health. I shall first give a brief overview about Q4 FY '23 results, post which we'll have the question-and-answer session.

Q4 FY '23 revenue saw another quarter with strong growth both on quarter-over-quarter and year-over-year basis. Revenue of INR965 crores grew by 5.1% quarter-over-quarter and by just under 40% year-over-year.

Given that tourism segment with relatively lower margin was the key driver for quarter-over-quarter revenue growth, the overall EBITDA margin, 33.6% versus 35.5% quarter-over-quarter and 40.4% year-over-year. However, we have been able to maintain the absolute EBITDA almost at Q3 FY '23 levels. Net profit before exceptional items for Q4 FY '23 came at INR253 crores versus INR254 crores in Q3 FY '23 and INR218 crores in Q4 FY '22.

Let us move to the business segment. Now the first one, Internet Ticketing segment that continues to demonstrate its resilience and with conversion of reserved tourist ticket back to unreserved tickets during the past pre-pandemic period, revenue for the quarter was at INR295 crores which declined by just 2% quarter-over-quarter and grew by 0.8% year-over-year. However, EBIT margin came at 88.1% versus 84.2% quarter-over-quarter and 91.5% year-over-year.

Next segment, the Catering segment. That reported revenue of INR395.8 crores, implying growth of 0.4% quarter-over-quarter and 48.7% year-over-year. However, the EBIT margin improved to 12.1% versus 10.7% quarter-over-quarter and 9.4% year-over-year.

The third important segment, the Tourism. The Tourism segment saw a strong growth of 38% quarter-over-quarter and 1.5x year-over-year to INR204 crores, which is all-time high and well

above the pre-pandemic level. EBIT margin for the segment improved further to 13.5% versus 10.8% quarter-over-quarter and a loss on year-on-year basis. In Q4 FY '23, the revenue share of the Tourism segment increased to 21.1% versus 16.1% quarter-over-quarter and 11.6% year-over-year. As you would know, given that the EBIT margin for the segment is lower than the company average, it has resulted in the moderation of overall margin profile of the quarter.

Now next important segment, Railneer. Railneer saw Q4 FY '23 revenue of INR 70.10 crores, implying a decline of 6.7% quarter-over-quarter and a growth of 35.2% year-over-year. Reported EBIT margin improved to 18.6% versus 11.8% quarter-over-quarter and a loss on a year-on-year basis.

For Q4 FY '23, the capex was 21.64 crores and total capex for the FY '23 was INR135.4 crores. The cash and bank balance and net worth of the company as of the end of FY '23 is INR1,934 crores and INR2,480 crores, respectively.

That will be the end of my -- the opening remarks. Now we can straight move to the question-and-answer session. Thank you.

**Moderator:** Thank you. We will now begin the question-and-answer-session. The first question comes from the line of Jinesh Joshi from Prabhudas Lilladher Private Limited. Please go ahead.

**Jinesh Joshi:** Thanks for the opportunity. Initially, if you can help with the convenience revenue for the quarter and also the number of the tickets books?

**Rajni Hasija:** Can you please come again? Your voice initially was not audible.

**Jinesh Joshi:** Yes. Madam, I wanted to know, what was the convenience revenue and the total number of tickets booked for the quarter?

**Rajni Hasija:** Okay. The first -- I will answer your second question first. The total numbers of 10.44 crores tickets have been booked during the last quarter of Q4FY 23 and 14.54 crores passengers have been booked on these tickets.

And then you said the revenue from this, total INR802 crores was the total revenue of the ticketing in the entire financial year. And in the last quarter, the convenience fee that we have received is nearly INR197 crores in the last quarter.

**Jinesh Joshi:** Sure, madam. My second question is with respect to our Catering business. So if I remember correctly, our Catering reach was approximately 1,203 including TSV and pantry car until the last quarter.

So the question is, have we been able to extend the count over here? And also, what is the total opportunity size in terms of number of trains that we can service. So basically, I thought of asking this question as not all suburban trains would require catering support, especially the ones that ply on the short distance, so yes, your thoughts on this.

**Rajni Hasija:**

See, before COVID, we were having nearly 417 trains if you recall correctly. Now these 417 trains will be pantry car. So now the 417 trains figure has increased, and we have now the contracts available for 492 trains, which has been awarded by IRCTC till the last month.

In addition to these 492 trains, we also have a Train Side Vending contracts available for nearly, 675 touch screens. And many of -- I think more than 300 train contracts is in -- still in the pipeline because we are, as of now, we are going for our short-term tenders. And this is a continuous process and every -- after six months, the cycle repeats.

So as of now, you can see more than 1,100 trains are available with the IRCTC on contract. Out of which more -- nearly 50% trains are with the pantry car and rest of the trains are under Train Side Vending.

**Jinesh Joshi:**

Sure, madam. Just one follow-up on this train side vending . You mentioned that more than 1,100 trains are available, but I wanted to know the opportunity size, so...

**Rajni Hasija:**

All Vande Bharat, which are coming are being added as a fleet. The contracts are being awarded by the IRCTC there is one addition. Any new trains being operated by Indian Railways, the contracts are being awarded by IRCTC only.

So we have a right -- you can say that so far, I think Honourable Prime Minister has announced that 75 new Vande Bharat are going to be operated. Out of which, I think 17 have started. All such operations are being looked at by IRCTC. The more trains are going to be there in the pipeline, the more services are going to be available for IRCTC.

**Jinesh Joshi:**

Sure, madam. One last question from my side. That is on the balance sheet, especially pertaining to the receivable days. So if I remember correctly, in the past, we have worked out in the Indian Railways whereby majority of the payment pertaining to catering also happened on the day of the service itself, which essentially should have led to an improvement in our receivable cycle so to say. But apparently, if I look at our receivable days for FY '23, it is at about 118-odd which is not materially different than the past. So has the change really come into effect?

**Rajni Hasija:**

There was a software to be made. Ministry of Railway decided, even yesterday also there was a testing. If everything goes well with the testing, it is likely to be started in the coming month.

So we -- as our services are booked for a train, accordingly the customer will be paying online. So we would be receiving nearly 68.5% of that revenue directly the next day. So that testing is being done. Our team is also involved. Once the testing is in place, you will find some changes in the preceding months -- in the forthcoming months.

**Jinesh Joshi:**

Got it. So basically, our receivables cycle should improve going ahead, that is the understanding.

**Rajni Hasija:**

It will rather. Because we are going to get -- earlier you used to get the amount after 120 days. And after 120 days, sometimes it is taken by the railways to reimburse the amount. So we had a lead time of more than six months in getting, that is why you are saying six months. So

maybe now as soon as the ticket is booked, journey may be after 120 days but at least 68% of the revenue will be available with you.

That program has been developed by our technical body in place. It is being tested by Railway Finance. It is being tested by IRCTC Finance and our operational teams too on both the sides.

**Jinesh Joshi:** Sure, madam. Thank you so much and all the best.

**Rajni Hasija:** Thank you, Jignesh.

**Moderator:** Thank you. Next question comes from the line of Rohit Bahirwani from Vijit Global Securities Private Limited. Please go ahead.

**Rohit Bahirwani:** Yes, thank you for giving me the opportunity. I had a couple of questions. First is, what are your growth plans in Railneer segment? The capacity is around 14.8 lakh litres per day and utilization is around 70%. At what levels can we expect it to grow further?

**Rajni Hasija:** You said our capacity is nearly 14 lakh litres but per day production of the Railneer is now 15.5 lakh litres a day. We have 16 plants in operation. And our Bhubaneswar and Vijayawada is going to be operational soon. And the plants which are being operated by us. We are also thinking of increasing their capacity also. So like we have certain sales available before the plant. So we are trying to increase the capacity of that, but as well, in addition to making the new plants, which are going to be commissioned soon in Bhubaneswar, Vijayawada, Kota and Simhadri.

**Rohit Bahirwani:** And what can be the utilization level can we expect in future?

**Rajni Hasija:** As of now, in the last financial year, the fiscal we are talking about, our capacity utilization has been nearly 73.32%. So as that really is picking up, we are increasing our capacity utilization in many of the cases. Yesterday, we also had our cost audit, and it was also observed that the utilization of -- the plant capacity utilization has improved a lot as compared to the pre-COVID levels, COVID levels also.

And we are in process since we are going to increase their capacity also and the utilization of the not only the existing assets but the asset going to be added because since we have to meet the demand, so we'll have to increase the production from these plants as well. So you will find some good improvement on a better side as well as the capacity utilization is concerned.

May and June are the peak periods, July in fact. Now the Railneer demand is throughout the year, except for the month when we have winters. So you will find more or less good capacity utilization throughout the year, except for the maintenance days.

**Rohit Bahirwani:** Okay. Okay. And my second question was what's the update on the payment aggregator license, which is pending since last 2 quarters? And just wanted to understand, will it help in bringing additional revenues or it will help in cutting down the cost?

**Rajni Hasija:** It will help. The payment gateway business, yes, we had applied for the license. We were stuck up in between, many changes had to be made. We are -- iPay licensing, we had applied to RBI.

RBI has given us certain guidelines. We are complying with that guidelines. We are in the process of following. As a follow-up, we are about to submit 2 papers to them very soon.

As far as the revenue from the iPay is concerned, let me explain you that our revenue from the payment gateway has been very good this year. This has been nearly INR67.37 crores from the payment gateway. And out of this, the net profit has been around -- without GST hedging INR38.09 crores. So the revenue projection is larger. That is why we are going ahead till that time, it is not there we are going with only with Easy.

We have not stopped the Easy work. But an aggregator model, yes, we are going to increase the revenue once we are through. The process is not that simple sir, it requires lots of efforts, that team is -- and the entire process has to be rebuilt, so we are doing that. The technical changes are also in the pipeline and as well as our approvals are also in the pipeline. You will hear the good news in the days to come.

**Moderator:** Thank you. Our next question comes from the line of Jyoti Singh from Arihant Capital Markets Limited. Please go ahead.

**Jyoti Singh:** Yes, sir, thank you for the opportunity. My question is on the Vande Bharat side. If you can give us a little bit of brief which are the -- how is the pipeline and which are the companies that we are having contracts if we can disclose? And apart from that, why are other expenses -- sorry, why our other income has increased from previous quarter?

**Rajni Hasija:** First is that the other income is from the other resources, the interest has gone up.

**Ajit Kumar:** due to increase in FD rates..

**Rajni Hasija:** And increasing. FD rates also. FD rates have improved, so the interest has improved so other income has improved. Answer to your second question, ma'am. The answer to your first question is some light on the Vande Bharat. As far as the operation of train is concerned, it is controlled by the Ministry of Railways. We know that much as you have read in the newspaper that the trains are going to be inaugurated.

The Vande Bharat so far we are operating doing the entire hospitality business, services are being provided by IRCTC on Vande Bharat. As of now, we are providing services and nearly 17 Vande Bharat. So these services are there. Many -- if railway decides to operate more and more trains, we would be providing services in all. And who would be getting the contract, who's running the contract may not be that important. Important is the license fee that IRCTC is getting. And rest of the operation part, IRCTC is handling well.

**Moderator:** Thank you. Next question comes from the line of Akshay Bhor from Citadel. Please go ahead.

**Akshay Bhor:** My question is on the Internet Ticketing business and group as we think about the next year in this business because ultimately this contributes to about 80% of your EBIT contribution. I just want to understand what are the levers from here for you to deliver growth in this business in terms of either Internet penetration increase or number of passengers increase? And how do we think about each of these elements?



To explain you, I would like to show you a few figures with you actually. That is the daily average ticket, if you recall, in the first quarter was around 12.73 lakh tickets in a day. When we were having 2S ticket in reserved segment that is a good number of tickets available with us that was nearly 38%. Subsequently, when the decision was taken, our booking went down to 11.63 lakhs per day.

And now in the third quarter, the booking went down further. It was 11.31 lakhs per day But the average now -- but in quarter 4, the bookings came back to 11.61 lakhs per day So the average booking that we are doing is nearly 82% of the total ticket inventory available through online mode.

And as far as the services' convenience fee, which is contributing nearly 75% to our profit, so the -- more or less the question of the convenience fee remains the same barring INR1 crores or INR2 crores -- INR1 crores, INR2 crores or INR3 crores here and there. You can see our revenue from the convenience fee is nearly INR200 crores per quarter .

And the total revenue that we have collected from the Internet Ticketing towards convenience fee is around INR802 crores in the entire year. So as of now, the booking remains the same, but we are focusing more on the non-convenience fee resources, which have now increased -- which are contributing to 33% of the total revenue of the Internet Ticketing, Internet Ticketing business.

Out of it, you can say the total revenue that we have earned through this and business and related business was nearly INR1,200 crores. Out of which INR802 crores, that is 67% was contributed by convenience fee, that is your Ticketing business. And the non-convenience fee business is around 33%, sir. So that was earlier, INR337 crores in the last financial year. This year, it is now almost touching the INR400 crores where you find some growth.

And this growth has been mainly due to many factors. That is our loyalty program has also contributed. Our PG integration has also contributed. Our agent portion has also contributed. Our IT earning has also contributed. So when we see the revenues on the IT business it has to be seen in totality, not alone with the convenience fee, which is 82%. It may increase to 83%, 84% in the years to come. But at the same time, we need to focus upon the non-convenience fee resources, which are the added business -- ancillary business to the Internet Ticketing.

Our intention is to increase our revenue. They are more and more because -- and so not only to retain the Internet Ticketing, but to show us good growth by providing good services to the customer.

**Akshay Bhor:**

Got it, ma'am. And just a clarification, is it then fair to say that looking into the next couple of years, the growth in the Internet Ticketing segment would be largely through non-convenience fee and convenience fee could remain in the same sort of 200 lakhs per quarter kind of range? Is that...

**Rajni Hasija:**

Volume growth will be there in the ticketing also. As the Internet improves in the country, some marginal improvement happens every year. It was a little fortunate or unfortunate in the COVID days, that growth, which was to happen in the years to come happened in 1 year. So

that is why some variation, you can see -- some variation in the revenue mix was also seen just after the COVID. And it was a main bread earner during that period.

As the train increases, the capacity utilization increases. So like Vande Bharats are being guided and more and more days will be added to our revenue will also take us, will go on the higher side gradually. But the margins are going to be little at slower pace as compared to the COVID period. Yes, our focus is going to be more on the non-convenience fee where we are trying to hard, aggregator business is one.

And our other loyalty programs you might have noticed that we are doing a lot of loyalty programs and we have already opened with the three banks as compared to one previous bank. Then ticketing also we have recently launched the Char Dham ticketing with the other parties, other parties ticketing also, we are focusing. That Char Dham booking is very popular and our payment business is also there, and we are also focusing more on the B2C partner and of other businesses.

**Akshay Bhor:**

Got it, ma'am. And then just one last question from my side. This is again on the convenience fee itself. And then you could have a decent visibility in terms of what is the likely passenger booked growth in the next couple of years? And as you understand, already the capacity of Indian Railways is so high that you -- by adding a few previous trains, it doesn't move the needle in terms of overall passengers' travel. Do you have a visibility in terms of what is the growth rate that you could see in terms of passengers booked or travelled in our case?

**Rajni Hasija:**

As of overall picture of passenger travelled on Indian Railways. I can only tell you about the reserved segments. And if we see the...

**Akshay Bhor:**

Yes, on the result segments as well. Do you have a visibility of what could be the passenger growth?

**Rajni Hasija:**

I can tell you. First thing, if you see the January figure, the passengers travelled was 4.85 crores. But in February because of the winter, it has a seasonal variation also, the number of passenger reduced to 4.59 crores in the reserved segment. But in the month of March, it increased to 5.09 crores. And the number of our trains also decreased correspondingly in the month of February, but increased in the month of March.

So we have to see the seasonal variation also, but, yes, there is a scope as the new trains are being started, more and more customers are getting diverted from the other mode Festival rush is also there. The holiday rush is now happening. All trains are full. You will not get reservation in any of the trains these days because the trains are running with full bookings, which is good news for all of us. The more booking, the more revenue to us. Thank you, sir.

**Moderator:**

Thank you. Next question comes from the line of Rohit Jain from Tara Capital Partners. Please go ahead.

**Rohit Jain:**

So taking off from the last question, you said that on the ticketing side, most of the growth is going to be driven by non-convenience fee and convenience fee is going to be more or less stable, I mean, it could grow slightly, but the main growth is going to come from non-

convenience fee. Can you tell us what is the difference in the margin profile between convenience fee and the non-convenience fee?

**Rajni Hasija:** In the convenience fee, when we talk of the -- you want me to tell you the productivity margins in that?

**Rohit Jain:** No, no. I mean, like I'm assuming that convenience fee would be your highest margin business. I mean pretty much as the platform business, everything is sort of flows to the bottom line. So just compare to with that like, EBIT margin had been anything?

**Rajni Hasija:** I got it. I got it. In fact the non-convenience fee, we will have better margins, better than convenience fee. I'll tell you how. Because while -- when we calculate the convenience fee, we need to pay to the trains also for maintaining the infrastructure. The entire infrastructure of that ticketing is costly, so their average expenditure though not as much, but it is certainly more than what we are going to spend in the non-convenience fee resources.

Here, what we are doing, the infrastructure that has been already been placed, on top of that, these are the ancillary services, which is a total bonus business for IRCTC. So here, the expenditure is less.. Most of our businesses, like payment gateway, agent business, advertisement etc., their -- our expenditure is almost negligible because the infrastructure is already in place. I need not get any additional bandwidth. The only manpower, monitoring resources and the reconciliation expenditure is added to it. That is very meagre as compared to the other infrastructure expenditures that we normally do in the Internet Ticketing.

**Rohit Jain:** Understood. And just another related question to last question is that, I guess, about the previous participant might have been trying to ask is, as you said, most of the ticket -- trains are already running at full occupancy. It's difficult to get reservations. So which means pretty much Indian Railways working at peak capacity. And if you look at the budgetary announcement every year, the number of trains being added is the hardly anything as a percentage of the overall days.

So given that Internet penetration is pretty much at peak levels, I mean, in the near term 80% to 84% and all the trains are working at full capacity, so what will drive the growth in the ticketing volume? I mean, if you look at on a Y-o-Y basis, should we expect ticketing revenues to be sort of low single digit to flattish assuming no change in convenience fee.

**Rajni Hasija:** It may not be exactly flattish. It will have some seasonal variations and the festival variations, of course.

**Rohit Jain:** No, no. I'm talking on a Y-o-Y basis, like if we consider the full year, that will rule out the seasonality, right? I mean if we take the whole year versus the next year, the seasonality will adjust itself.

**Rajni Hasija:** Yes. There is some growth sector associated with the Internet Ticketing. And as the more and more awareness is happening, the growth [sino-cycle 0:35:02] curve may not be that sharper. It will go at -- still grow, but grow at a slow pace.

- Rohit Jain:** Yes. So that's what I said. Is it fair to say that it would be low single-digit types?
- Rajni Hasija:** Sir, we have already come back 82%. There is going to be a growth, but growth will be at a little -- the sector will be a little less. And that is why we would be focusing more on the non-convenience fee resources. You can't presume that we have to -- we still have an off-line model available for persons who are not that literate. We should have because it is a services time Indian Railways has offered services from all the more Internet Ticketing is one.
- There will be a transition of the customer from off-line mode to online mode like all businesses, which is also going to happen. So that transition, we will be a beneficiary. But at the same time, just to keep the momentum up, we would be focusing more and more on the other businesses. So that our total revenue from this segment, that is Internet segment remains on the top notch.
- Rohit Jain:** Understood. And can you just help us understand the, let's say, a stable or steady-state margin in the Catering business? That margin has fluctuated pretty sharply over the last few quarters. So going forward, what can we expect in terms of a stable margin for that business?
- Rajni Hasija:** Catering is now contributing nearly 41% of our revenue this financial year it has contributed. So our margins have been more or less same as we had earlier, that is 10% to 12%, depending upon segments. So giving margin not going -- it is going to be in that side also, except for the e-catering where we have a 15% margin.
- Rohit Jain:** Right. So more or less, going forward, also 10% to 12% should be the steady-state range for the Catering business.
- Rajni Hasija:** Yes. You can say, sir.
- Rohit Jain:** And just last question, what drove the sharp increase in the Tourism revenue quarter-on-quarter?
- Rajni Hasija:** You should be happy with that, sir?
- Rohit Jain:** No. Just trying to understand. We're happy, but we're just trying to understand.
- Rajni Hasija:** The domestic tourism is on its boom, right? And I think I would like to apply this out that IRCTC earlier was running into -- only into budget tourism and we were in the luxury tourism as well. We have come up with the new model of the business after Ministry of Railway has announced that the scheme called Bharat Gaurav scheme under Ek Bharat Shrestha Bharat Scheme announced by Ministry -- Honorable Prime Mister has taken this initiative, and in this Ministry of Railways has announced the scheme Bharat Gaurav where we have taken 10 rakes. These 10 rakes have been customized and put it into the operations.
- So this new segment has been added. Earlier we were operating only 80 trains in a year, 80 to 90 trains in a year in the budget segment. Now we would be running nearly 300 trains in a year. And each train is contributing to nearly INR50 lakhs of our revenue. And out of which,

yes, of course, some expenditure of the railway and IRCTC and the service provider is also there. But a good margin of 10% is left with us.

So you can say that we have operated many such trains. We did a lot of domestic tourism, and we competed with the open market, we could drive lot many customers to IRCTC and State Teertha also contributed into that, so we could goodwill and the results are in front of you.

And in the years to come, this Bharat Gaurav is going to add a revenue not less than INR250 crores alone from this segment. But used to be nearly INR60 crores to INR70 crores only in the previous year. So you can anticipate good growth in the tourism.

**Rohit Jain:** Understood. And just last question. Given that future growth is going to be driven more by, let's say, non-convenience fee, things like Bharat Gaurav and Catering, which are, let's say, 10% to 12% margin business, at what level should we expect the overall margins to settle? I'm assuming it's going to be lower than 33%, 34%, 36% that we are used to? So can you help us understand what would be the margins going forward?

**Rajni Hasija:** You can expect the same results, sir.

**Rohit Jain:** I mean even if the mix of non-convenience fee increases in the overall revenue mix, the margin is not going to come down?

**Rajni Hasija:** Yes. Yes, I agree, sir. It can be even better in the non-convenience fee, resources are doing pretty well and the Bharat Gaurav segment, the way it has picked up the market and the brand equity of the IRCTC has improved in this segment. And we are getting full cooperation everywhere and good number of bookings are happening, and the revenue in this segment put together is going to be high and the margins are also going to improve.

**Rohit Jain:** No, no, ma'am, what I'm trying to understand is the, let say, the Catering business and the Bharat Gaurav business, to set up a 10%, 12% margin business. So as their proportion in the overall revenue goes up, even though the absolute numbers might go up, but margins will settle lower, right?

**Rajni Hasija:** Yes. Likely things will be there. But at the same time, absolute number will go up. So the ultimate...

**Rohit Jain:** Yes, yes, I understand. I'm not asking that. I'm just trying to -- from a modelling perspective, I'm just trying to understand, is there a margin number that we are working with? Is there a visibility there? Is there some visibility there?

**Rajni Hasija:** If we are able to do even better in the non-convenience fee resources so that is going to compensate.

**Moderator:** Thank you. Next question comes from the line of Rahul Jain. Please go ahead.

**Rahul Jain:** Congratulations on very good numbers. Ma'am, just a couple of things I need to check. Firstly, on the catering side, can we see all normalization related to that lean period peak period related reconciliation on catering license fee is done?

**Rajni Hasija:**

We have completed for the peak period, and for RSD trains, we have done. For the lean period, it is still on for the Mail/Express . We have not been able to complete that exercise because we started a little late. And we are still in process maybe in the lean period we will -- the team is going to complete that soon.

**Rahul Jain:**

Okay. And regarding this...

**Rajni Hasija:**

Rahul, you might have seen in the remarks that the invoices that we have seen some impact on the results also which are going to be on the -- which was on a good side. Accordingly, the demand notices was given to our license fees, many of them have disputed also we are resolving those disputes first before the money gets realized. So we are very much in the process and actively in the process.

**Rahul Jain:**

And in the Ticketing business, since the 2S normalization is largely done with, what should be the growth potential here in the convenience fee side?

**Rajni Hasija:**

Convenience fee will have -- the convenience fee as compared to the previous year, it has grown up because the number of passengers have gone up. The overall passengers travelled on Indian Railways is going to increase because many new trains have been added. And when you see new trains are being run during the season, festivals, extra trains are being operated.

So we have already seen the growth as compared to the previous year in spite of the fact we got second at mandatory provision associated in the quarter, first quarter itself, but more or less -- I think more or less uniform results were there. But as far as the growth is there, growth is going to be happen -- going to happen. It is going to happen more in the non-convenience fee, which has even better margins, so the overall earnings from this segment is going to be on a better side. That is what my -- our perception is.

**Rahul Jain:**

Right. And if you could share some basic data on the convenience fee side, basically, average selling price for the quarter, mix of AC, mix of UPI, those kind of metrics?

**Rajni Hasija:**

Yes, I'll certainly share. See, our total contribution in the last quarter, the quarter we have -- quarter 4 that we are discussing, the Sleeper Class has been 42.87%. The Second S is more or less at the pre-COVID level that is 12.52%. And the Third AC is around 28.29% and Second AC is about 6.93%, just very small amount. So this is the breakage as far as the class wise is concerned.

And the UPI transaction is contributing nearly 33% now. As you know, that the average UPI transaction in this year has been 33% as compared to the previous year when it was 31%. And before that is 24%. So the overall increase in the UPI transaction is also impacting this. So there -- that is what your -- I think I've answered your question.

**Rahul Jain:**

Yes. Yes. And ma'am, on the non-convenience part within the ticketing, any 2, 3 key segments which are sizable, if you could quantify them and the drivers for them going forward?

**Rajni Hasija:**

Yes. You will find the increase in the revenue in the loyalty program. And of course, I say the payment gateway business, you will see some improvement -- further improvement, then you

will also see our results. Aggregator license comes through, then you will see further improvement in that business. And advertisement revenue has shown a good improvement where we have nearly INR67.41 crores from brand advertising business. That growth may continue and we may do even better because this year is going to be very important. That is in the Internet segment.

But in the other segment, in the Tourism, yes, Bharat Gaurav is going to have. IRCTC has a very interesting mix of the revenue. It keeps on changing, but the overall absolute thing, as you know, Rahul, you are a better judge that we end up landing always in a good numbers. Maybe the revenue mix may change. So this year, the Tourism may also show a good improvement because earlier the revenue from the Bharat Gaurav type trains used to be nearly INR60 crores. Now, it is going to nearly INR250 crores and the margins are going to increase. Absolute numbers also will increase.

The loyalty fee in the Internet Ticketing, we are going to show a jump and in E-catering we'll also show some improvement. Overall, there's going to be a good very good picture and very good future for our investors in IRCTC.

**Rahul Jain:** And one more question on the Tourism side. Can you share the metrics for Tejas in terms of revenue frequency?

**Rajni Hasija:** Tejas has done well this year. The overall revenue that we received from Tejas has been INR 155 crores. And operating expenses has been INR130 crores. So put together, both Tejas has given a revenue -- net profit of INR24.3 crores. And occupancy level of Ahmedabad Tejas has been nearly 81% and Lucknow Tejas has been nearly 69%.

**Rahul Jain:** 81% and 69% what you said, is it?

**Rajni Hasija:** Yes. That is occupancy level.

**Rahul Jain:** Right. And what's the situation on some of the businesses which are on the Tourism segment led by overseas traveller like Maharaja and Buddhists circuit?

**Rajni Hasija:** Maharaja has also done very well this year. Last year, it was with COVID. So we could get only INR2.84 crores when we run few charters. But this year, we have been able to get nearly INR55.38 crores from Maharaja, which is a good number and number of our pax that we have traveled is the highest in the country in the luxury segment. In the air ticketing also as compared to the earlier revenue of INR8.54 crores in the previous year, we are having INR23.04 crores in this year.

So other business in the air ticketing also has done well. And this year the state teertha segment has also picked up as compared to the INR30 crores of the previous year. This year, we have done INR153 crores. So entire -- put together, the Tourism business has given us revenue of INR555.98 crores as compared to INR187.89 of the previous year. And we can expect more growth in this business because of the Bharat Gaurav being added in the fleet.

- Rahul Jain:** Right. Just last bit on the state is, comment that you made, ma'am. I think we generally see some more traction in the election period. So do we expect this since general as well as some state elections has come.
- Rajni Hasija:** Like any other tourism product, it is also subject to seasonal variation, so I can only answer this at this time. Sir, it all depends on states, whether they want to spend their fund in this direction or not. But generally, people work in this direction. So we hope for the good.
- Rahul Jain:** And it's great being be associated with you for so long. Thank you so much for your guidance through this period.
- Rajni Hasija:** Thank you.
- Moderator:** Thank you. Next question comes from the line of Madhuchanda Dey from Money Control. Please go ahead.
- Madhuchanda Dey:** Hello, ma'am. Yes. I have a couple of questions. One is a housekeeping question. What was the absolute number of tickets booked in FY '23?
- Rajni Hasija:** Just wait for a while, I have to look for the numbers. The total ticket you said booked when?
- Madhuchanda Dey:** FY '23.
- Rajni Hasija:** I'll get you to the numbers.
- Ajit Kumar:** 43 crores.
- Rajni Hasija:** 43 crores.
- Madhuchanda Dey:** 43 crores. Okay. And ma'am, this year's Bharat Gaurav revenue is INR60 crores. Is that right?
- Rajni Hasija:** This year, the Bharat Gaurav train just started their operations. Earlier we were running the same segment in the name of Bharat Darshan and Pilgrim Special. That together was contributing not more than INR60 crores, which is going to be now INR250 crores to INR300 crores with the 10 rakes that we have taken from Indian Railways on lease.
- Madhuchanda Dey:** Okay. That is your projection for FY '24?
- Rajni Hasija:** Yes, ma'am.
- Madhuchanda Dey:** Okay, ma'am. So you have answered all these questions very nicely on Internet Ticketing and also on the Tourism side. Am I audible?
- Rajni Hasija:** Yes, you are.
- Madhuchanda Dey:** Yes. So my question is what is your take on the growth in Catering and Railneer for the next 2 years? What will be the driver? And what kind of growth rate can we expect?



**Rajni Hasija:**

We would be on the positive side in the Railneer revenue as we would be starting our 2 plants very soon. We'll make sure and Bhubaneswar and Simhadri, we are going to start this . Further, we are upgrading the capacity of the existing plant also, so we are going to increase our production Secondly, we are going to improve our capacity utilization by doing some operational measures. So our performance in the Railneer is going to be better sized. As now we are producing nearly 15.52 lakh litres a day, which we would be increasing taking up to nearly 17 lakh litres per day by the end of this financial year.

**Madhuchanda Dey:**

And by '25? And by '25, what kind of capacity will be there for Railneer?

**Rajni Hasija:**

By '25, we would be -- we have ended all our plants, so would be meeting the entire requirement. Nearly 80% of the railway's requirement of the water will be met by all these measures that we are taking, then we will be serving nearly 18.5 lakh litre water in a day. So that will add a good amount of revenue to our stream.

**Madhuchanda Dey:**

Got it, man. And what about Catering, what are the future drivers? What can we look forward to?

**Rajni Hasija:**

There is a future driver in the name of a new train fleet that is coming up, that is Vande Bharat, which is a prepaid train. We know that there has been an announcement that many more new rakes are going to be inducted. So that is going to add a fleet to our revenue, one.

Secondly, the existing tenders which have not -- could not be done yet because of -- because we are small duration tender that we are trying to wind it up. And now we are focusing not only on the revenue side, on the operational side also so that we can provide better services to our customers and bring a good brand value to our businesses in addition to the revenue.

**Madhuchanda Dey:**

So ma'am, my question is from these initiatives. One is Vande Bharat and another tender, what kind of incremental revenue are you looking at for FY '24 to start with? And again, for FY '25, what kind of growth can we expect?

**Rajni Hasija:**

As and when the tenders are awarded, the revenue get settled, ma'am.

**Madhuchanda Dey:**

Yes, I understand. But if you could give us some colour on kind of growth that we are looking at?

**Ajit Kumar:**

Numbers...

**Madhuchanda Dey:**

Not numbers, but some idea about the kind of growth that...

**Rajni Hasija:**

It is an open bidding process, ma'am, at times vendors bid very high, then you get a good numbers. At times, when the train doesn't -- is not having a good route, then it gets a less bid, too difficult to project. At times, the competition in 1 sector is very high you get a very, very high bid. So -- and then the other processes also there. So may be very difficult to predict.

However, the growth will be there and a good amount of growth more than, I think, 10% is going to be -- we can anticipate. But once the segment which we should be -- we are focusing with e-catering, where we have already reached to the extent of 40,000 meals in a day, and we

are already providing. And in quarter 4, the figure has been nearly 43,000 meals, and it is growing steadily.

We have also started booking to our agents. These are B2C agents which are there on our website. And the number of our vendors with our food aggregator has also gone up. Number of food aggregators has also improved. The direct vendor number is also improving. So you can anticipate some growth in this segment as well.

**Moderator:**

Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

**Rajni Hasija:**

A very good afternoon once again. It has always been pleasure talking to all the investors and all the participants here. Sharing our experiences with the IRCTC has been one part, but at the same time, what market things about us, and what are the queries of the market, we are more than happy to answer. Not only to the earnings call, we are always open to share our experiences and our thoughts in the investors call also.

So IRCTC is a very transparent and open organization and believes in the transparency as well. So I welcome you all and all the investors to be part of this journey as you have been in the past and show your patronage to this company as usual.

Thank you very much and wishing you all the good health to you and your dear ones. Thank you, sir. Thank you once again.

**Moderator:**

Thank you. On behalf of IRCTC, that concludes this conference. Thank you for joining us. You may now disconnect your lines.