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(भारत सरकार का उद्यम-मिनी रत्न)
INDIAN RAILWAY CATERING AND TOURISM CORPORATION LTD.
(A Govt. of India Enterprise-Mini Ratna)

"CIN-L74899DL1999GO1101707", E-mail : info@irctc.com, Website: www.irctc.com

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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 -400 051 NSE Symbol: IRCTC
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Sub: Outcome of investors/analysts meet

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

Sir/Ma'am,

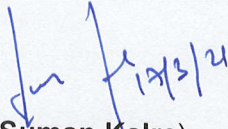
In reference to our communication dated 3rd March, 2021, regarding investors/analyst conference call, please find enclosed the transcript of conference call held on Thursday, 4th March, 2021, hosted by IDBI Capital Markets and Securities Limited.

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
Business Update Conference Call”**

March 04, 2021



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

**MANAGEMENT: SMT. RAJNI HASIJA – CHAIRMAN &MANAGING DIRECTOR -
INDIAN RAILWAY CATERING AND TOURISM CORPORATION
LIMITED**

**MR. AJIT KUMAR - DIRECTOR (FINANCE)& CHIEF FINANCIAL
OFFICER - INDIAN RAILWAY CATERING AND TOURISM
CORPORATION LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to Indian Railway Catering and Tourism Corporation Limited Business Update 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 Markets & Securities. Thank you and over to you Sir!

Urmil Shah: Thank you Mallika. Good evening one and all. On behalf of IDBI Capital, I welcome you to the business update consolidation call of IRCTC. From the company we have their senior management led by their CMD, Smt. Rajni Hasija, and their Director Finance & CFO, Shri. Ajit Kumar. I thank the management for giving IDBI Capital the opportunity to host the call. We shall first have the opening remarks from CMD Madam post which we shall have the Q&A. I shall now request CMD Madam to provide her opening remarks. Over to you Madam!

Rajni Hasija: Thank you Urmil. Good evening to everyone. While the introduction has already been given by Mr. Urmil I will start that last week has been a little roller coaster kind of a thing for IRCTC, as far as the market is concerned. While I completely understand that you have multiple questions in your mind and of the recent development that has recently happened. Before I give you a brief about the two major developments that has happened last week let me assure you once and again that our company is sailing with the high spirit, enthusiasm is very high and world is getting back to the new normal, many services of the IRCTCs are reviving back and gradually the impact of COVID-19 is going and soon it is going to leave permanently from our life.

With this remark I will first discuss about the news that has been posted on the BSE and NSE portal also that is termination of catering contracts. We all know that the lockdown was announced by government of India, it was from March 22, 2020 and at that time many trains were running operation of all the train was put to an halt so the trains did not resume their operations till July, it is only in the month of July, of course we had a Shramik Special in-between, but that is not a normal business. These trains started operation in the month of July that too with a limited kind of catering where we were supplying only with the PAD items and the RTE kind of food. While we were doing it gradually more and more trains kept on being added every month and these trains were ordered as a special train they were not ordered as a normal train as we use to have earlier, you can see their nomenclature, their numbering pattern is also different. So when this one is happening by the time we had already got 472 odd trains with us, out of which 236 trains are running with the pantry cars and 236 trains are running with the train side vending, one of the catering associations went to High Court, Madras, seeking some direction to grant an interim order for the special trains, actually they wanted Ministry of Railways to allow them to provide the catering services for these special trains on the reduced license fee, which is not a normal kind of thing and while High Court has rejected the interim relief, but at the same time Honourable High Court directed Ministry of Railways to pass an



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order and dispose of their representation. While disposing of their representation Ministry had given them an opportunity of being heard all the licencees who had filed that were called by Ministry, IRCTC was also present over there and Ministry finally decided that all the contracts, which were kept in abeyance I repeat kept in abeyance on account of a COVID pandemic shall be terminated and accordingly all those tenders, which were done for those trains, which were not in operation has been terminated by IRCTC. So what is going to be the financial impact of this termination on IRCTC business? In this financial year (2020-21) the trains were not operational, they were kept in abeyance so no financial impact. On the contrary we have special trains, which were ordered and we are supplying catering to such 236 trains with pantry and 236 TSV trains. Special trains are being operated by Ministry of Railways so IRCTC is providing services in the revised scope of work. Further catering policy has not been changed as of now it is still the same so we are waiting for the normalization to happen. This is something about the first change about the termination of catering contract. Now another change has happened that we have recently announced for which we have given adequate information to all our investors through BSE and NSE portal also and our various social media handles that we are starting our operation of the luxury train called Golden Chariot train which the train has been taken over from Karnataka State Tourism Development Corporation, we were supposed to start that operation in the month of March last year, 23rd was my first maiden run but somehow we could not undertake because of pandemic, now we are starting operation of this train in the two tracks although the inbound traffic has not been opened we have made out a special journey for the domestic tourist and we have been able to sell that and the train has been sold so we are giving a wide promotion through various OTT channels, this train is running on a luxury segment, all the facilities of the luxury segments are being followed, the destination is going to cover the first itinerary pride of Karnataka including Goa, it will be covering Chikmagalur, Chettinad and Hampi, whole kind of a destination. The first trip is going to run for six nights seven days, it will start from Bangalore then cover Bandipur, Mysore, Halebidu, Chikmagalur, Hampi, Aihole, and Pattadakal and finally it will go to Goa. So I can wish my team a very happy kind of a luxury travel and for my customers who have already bought the ticket from us. So this is all from my side. I think Urmil now we can start the question and answer. Over to our investors, esteemed investors, who have so many things to ask from us.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Soumitra Chatterjee from Spark Capital. Please go ahead.

Soumitra Chatterjee: I would like to understand the opportunity that would come from this 2S second sitting booking that is already happening at IRCTC, if you can help me with some data points as to what is the capacity that IRCTC has on a daily basis prior to this second sitting option getting available and what would be the revised capacity on a daily or an annual basis from this second sitting and second question is on the convenience fee, as the convenience fee on second sitting is also similar to what the sleeper class is there a possibility that given the average realizations per passenger in second sitting is lower eventually the government may just ask you to lower the



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convenience fee given on a percentage of ticket basis that appears to be like 7.5% to 10% kind of a range?

Rajni Hasija:

I would like to answer your second question first. Convenience fee is same as that of in the case of a sleeper class and whether the government will think of reducing it I will like to reiterate that BOD of IRCTC has the mandate to decide the quantum of the fee. As of now BOD of the company has not decided to reduce the fee for the second class this is our new business coming up and answer to your first question that how much business we are going to get from the non-PRS segment, see as I explained in other investor calls also that the number of passenger, which are coming to unreserved segment is two kinds of a traffic is there that is the suburban and the non-suburban and one is in the non-suburban again you have two types reserved and unreserved that is non-PRS so that constitutes 35% of the total traffic because it is a non-PRS traffic that is coming up rest is MST and normal that is suburban traffic, so in non-suburban 35% of the non-suburban has the potential to get it converted to reserved, but all will not be converted into reserved because we are Indian Railways have a social commitment also and social commitment of caring the passengers also, if the thing normalizes and the normal kind of a travel is going to happen then there is going to be shortage of coaches otherwise, but quite a good chunk shall be converted from unreserved segment to reserved segment.

Soumitra Chatterjee:

When you are saying that 35% may get converted at max, but the way railways gives the data is that second class mail express including sleeper class and second class ordinary now is the second class ordinary is the complete unreserved ones and the second sitting is categorized in second class mail express, second sitting passengers are included in second class mail express category if you can help me understand that?

Rajni Hasija:

Train has a two kind of a definition ordinary and a mail express and super fast train also, in super fast train there are certain charges so that definition does not apply here actually so that is a way of operation of the trains and deciding the punctuality levels and the priority to be given while crossing the train so that cannot be considered while considering the reserved or the unreserved segment actually.

Soumitra Chatterjee:

Sure, so of all the trains that IRCTC is booking tickets which are 2200 to 2500 trains is the second sitting available on all the trains it is uniform across all the trains or is it like the capacity measures vary?

Rajni Hasija:

It is mandatory for railways to have a GS in many of the trains so GS was available we continue to be available out of the four, five GS two, three, four maybe converted, two maybe converted into the second and rest may continue as a GS once the normal operations starts, this kind of a situation may happen and the Indian Railway has to carry these passengers also.



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Soumitra Chatterjee: That is helpful. I think IRCTC plans to start hotels also incurring capex of some 200 Crores in this case would IRCTC be owning the land as well and how many hotels are planned in this 200 Crores capex that is being outlined?

Rajni Hasija: Yes, we own the land in fact we own the land first then we are doing the tenders. So we are making one hotel in Lucknow and we are also going to acquire another piece of a land nearby adjacent to that land in the Lucknow itself, we are making one hotel in Khajuraho, we have bought a land in Kevadia, we are also planning to buy land at Sabarmati front and we are also thinking of getting the land in other places also wherever we are going to get from the state government, generally we trying to buy from the state government so that the land value is up.

Soumitra Chatterjee: Madam last question is on the private trains if you can help me with the capex that would be required on a per train basis and typically how many trains are there on a per cluster basis or how much of that has been IRCTC has bid for?

Rajni Hasija: I will answer the second one first that is how many trains per cluster. There are total 150 trains going to run in the 12 clusters each cluster has 10 to 15 trains and how much investment each cluster will have I will not be able to give this at this moment because just we are going to participate in the bid, this will disclose my variables to my competitor.

Soumitra Chatterjee: This is helpful. Thank you Madam.

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

Niket Shah: Just two questions from my side one is on the non-ticketing revenues how do you plan to monetize the data that the railway has currently so any data monetization thought process do we have that is the first question and the second question was we do have a lot of hotels, which are listed on a platform and we had a plan to really ramp that up where a consumer who comes and books a ticket can also come and book a hotel as well so any thoughts on that as well where are we in that journey?

Rajni Hasija: Answer to your second question first that is the hotel business yes we have plenty of hotels we have around 7200 hotels available because during COVID when we were reinventing ourselves we realize that it is better to have a kind of a one to one integration with the hotels rather than having integration as an aggregator because the aggregator also keeps his margins so end of the day we are not left with many things and the hotel is also not left with the good margins so we tried we developed our in-house kind of a integration module, inventory base module is also there and API base module is also there where we are not only tying up with the growth where they have a multiple hotels in the one group so we are also tying up with the individual hotels. These hotels are available to our customer on certain commission basis, we have decided the



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level of a commission from 10% when the hotel inventory if it is five star then our commission is little less because the quantum of the commission comes out to be more and we have also tied up with the FHRAI and Hotel Association of India Northern Chapter, very recently you might have seen some advertisement given by FHRAI through their handle that now people can become our partners and we have signed one MoU with them so this is my answer that yes these hotels are very much in available on my website in addition to this the railway hotels are also available, all the ginger hotels, my own hotel where which had been inherited to us by railways like Rail Yatri Niwas Howrah, all these hotels are there, which we are selling on behalf of Ministry of Railways they are already with us, in New Delhi also we have one property which has been given to Ginger Hotels.

Niket Shah: Madam what will be the size and scale of the opportunity?

Rajni Hasija: We are still working out, the opportunity is that we will not build up our own hotels, if an opportunity had come to us already in the form of a retiring room where IRCTC has been given a mandate to take over these retiring rooms from Ministry of Railways get them converted into a good living accommodation and sell it on a market price to the various operators, those retiring rooms are also available with us in the stay option, this is accommodation facility available on IRCTC website and the process is on, time will come, to the best of my knowledge the total inventory available in India is around 7 lakh hotels as of now I have only 7200 hotels individual tie-up with me so a day will come with where the count maybe many more counts and 40000, 50000 in a years to come so for every booking we are getting commission.

Niket Shah: So 10% to 15% of sales are what you would get?

Rajni Hasija: Yes, depending up on the tie-up we have.

Niket Shah: On the second question on data monetization.

Rajni Hasija: Data monetization. We are already working because the 83% booking in online ticketing have already been achieved . End of the day in spite of all the efforts this may stagnate team is already working with a very high speed, advertisement to increase our advertisement revenue we people have gone all the way and started promoting our inventories to them. We have rationalized our inventory rates given a new rate we have tied-up with many agencies, our agents, empanelment has increased. We have also worked upon our own payment gateway where we are now bringing the net banking on our payment gateway also then very soon we will find that our contribution through iPay payment gateway to the ticketing portion is going to increase, as of now it is around 10 Crores which will maybe doubled in the next year once we have net banking with us. Then we are going to have a co-branded card with many other banks also. HDFC Bank we are tying up, Canara Bank we are tying up, so this revenue will also going to increase then with the Rail Madad integration through 139 again we are going to have some additional revenues, so we are



working on all when the money coming from a transaction, which may not be there subsequently but we will try to bring this revenue also and leave it open and other money from the B2C partners is also going to be there with us and cross selling the product through our website is also going to be there.

Niket Shah: What should be the margins that one should think of because most of these revenues whether it is non-ticketing revenues or whether it is growth in ticketing revenues that is not a significant increase in cost so is it safe to assume that the headroom of margin expansion...

Rajni Hasija: I cannot comment upon the margins one product we try to gain by volume because volume margin initially will be very less because you have to capture the market first, in advertisement you have to capture the market first, who knows that IRCTC becomes a DAVP for the government adds, you can come up with your own Google add engines who knows that what is going to happen we are sincerely working on that, maybe in the next year to come you will see many changes in this and revenue from this process will have to increase there is no other option left for IRCTC.

Niket Shah: Sure, no, madam I was just trying to understand there is no cost right to that?

Rajni Hasija: You are saying something Sir?

Niket Shah: Madam I was just saying that there is no proportionate significant cost that advertisement revenue say doubles in three years there the cost will not go up by three years so the cost will not double in three years right?

Rajni Hasija: I just got only once..

Niket Shah: That is what I am saying so the margin will expand.

Rajni Hasija: Yes, margins will also improve initially it will be low but it will improve subsequently.

Niket Shah: Okay madam thank you I will come back in queue for more.

Moderator: Thank you. The next question is from the line of Jinesh Joshi from Prabhudas Lilladher. Please go ahead.

Jinesh Doshi: I just have one question with respect to this termination of mobile catering licenses. So madam post COVID if we are not going to serve cooked meals and will migrate to ready to eat does it mean that this can result into an absolute revenue loss because you will have limited options that can be offered in ready to eat?



Rajni Hasija: One thing the ready to eat industry has gone far beyond what you and I think. As of now when we started serving the ready to eat food the options are very limited and in the period of three to four months from we started operation in the month of July we had very limited options, but in January when I was looking into it all kind of options are available into ready to eat one thing. Secondly the catering policy as of now has not changed, Ministry would like to revisit I do not dispute that because I cannot comment upon their behalf so the turnover loss can be there temporarily, the trains will be retendered again the model and of course maybe different but again the tender will be there so as of now the policy is same, in the current financial year the trains were terminated and the trains were not in operation and in RTE also the turnover maybe impacted but the profit margins maybe high who knows, so here the service levels are different.

Jinesh Doshi: Secondly we also have to refund the license fee to this license holder so can you share what quantum of refund will have to give?

Rajni Hasija: Exactly I do not carry with me because lot of things are yet to be adjusted and to just to inform you when the COVID was happening we had already refunded 90% of the licence fee of these things and when our results for Q3 were announced by that time we had already refunded for most of our catering operators up to December we had refunded, those figures were already taken into consideration while announcing the results.

Jinesh Doshi: One last follow-up this 35% what should I say conversion, which has happened from the non-PRS and PRS category so this decision is taken by the Indian Railways or who is the sole authority, do we have any same to it I am just asking because can this be reversed going ahead is what I want to know?

Rajni Hasija: Well I cannot comment upon on behalf of Ministry of Railways one thing we should all appreciate Sir that this inventory belongs to Ministry of Railways, trains are run by Ministry of Railways IRCTC only interferes to sell the ticket where IRCTC has been given a flexibility and a kind of a monopoly to sell this ticket. So if the coaches are added that is decision of Ministry of Railways, if the coaches are subtracted again the decision of Ministry of Railways. As of now to have a good social distancing and to facilitate the passenger might be decided GS be converted into the 2S, which has been converted. When the situation normalizes Ministry may think of converting few 2S back into GS also can be reversed also I cannot comment upon that at this juncture, but however generally 2S has been received very well in the market this much I can share with you.

Jinesh Doshi: Thank you madam that answers my question.

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



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Miyush Gandhi: Madam my question was with regards to the payment gateway that we have operationalized will it be possible for you to help us understand how the financials or the revenue stream from this vertical will play out, generally we understand that payment gateways charge anywhere between 0.4% to 0.5% as a fee so can we expect similar kind of commission on our own payment gateway to ourselves?

Rajni Hasija: I will share what a normal payment gateway does then I will tell you what IRCTC is doing. With the normal charges are charged from the credit card business and you make any transaction using credit card normally merchant is levying you 1% of the charge again it was 1.8% later on it has been reduced to 1% of the total transaction we will do. Out of this 1% few things are shared between few, but some is shared by acquirers, some is shared by the owner of the thing and some is to the other person, so as an IRCTC when the PG we were using earlier PG we were not sharing much of that we were only getting 0.1% not even 0.1% that too with lot of negotiation. With the iPay our own payment gateway being there whatever we charge from the merchant out of which of course some is going to be shared with the bank also for which we have brought many banks online and again those banks who are ready to share more with us have been brought to tendering kind of a small quotation kind of a thing. We do this exercise periodically after every six months we do whosoever offers us the best rate in that shared rate we appoint them and out of that we keep certain value, certain value is shared with our partner and we retain with good amount of a value, same amount of transaction, same amount of infrastructure set, this is an additional kind of a revenue generation mechanism that IRCTC has developed. Last year we could earn around 27 to 28 Crores from this segment this year with net banking coming in we are going to suddenly we use to add more in this.

Miyush Gandhi: And madam just related question to this since we already have the payment gateway would we ever consider venturing outside of our website to other government website?

Rajni Hasija: We will certainly go, earlier we were not having the required permissions now we had applied for that permission we are going out with the bank.

Miyush Gandhi: Fair enough thanks a lot and best of luck also.

Moderator: Thank you. The next question is from the line of Tushar Bohra from MK Ventures. Please go ahead.

Tushar Bohra: Madam quickly just a confirmation what percentage of train services today have pantry cars or the catering option available I believe we had some 400 odd trains in which pantry cars available what would be that as a percentage?

Rajni Hasija: In a normal scenario 448 pantry cars are there, as of now I have around 200 trains where the pantry car is not available in rest of the trains the pantry car is available.



- Tushar Bohra:** And madam that 448 would have been what percentage of total trains?
- Rajni Hasija:** I think it was there in the long distance trains so out of these trains 2500 is with reserved accommodation the pantry car is available only in exceptional cases in the other trains, but I will not be able to answer without having the exact data but percentage I am sorry I will not be able to share as of now maybe subsequently I will share with you.
- Tushar Bohra:** Madam is it fair to say that less than 40%, 50% of trains would have pantry cars and hopefully this number should move up over the next three years, is that a growth option for us in terms of revenue and profitability?
- Rajni Hasija:** The number of pantry car in a particular train, the total number of our may go up because Ministry of Railway had ordered new pantry cars that is why perhaps they wanted to introduce, if we consider 10% or 20% replacement account rest of the cars are going to be added in the other trains, but every pantry car is a loss of 1 Crore where the railway generate revenue, so Ministry is very cautious while placing a pantry car.
- Tushar Bohra:** Second on the wallet that we have launched I believe you mentioned that we have launched with IndusInd Bank as a cobranded wallet if you could just help us understand what would be the monetization for that like what would be the revenue streams?
- Rajni Hasija:** Again we earned from transactions one is when the person opt for a wallet some piece is there that is our assurance then the person renews the wallet that is our assurance, then transaction happening again some share is there so these are streams of the revenue.
- Tushar Bohra:** So for all the non-railway transactions also we will get some commission per transaction?
- Rajni Hasija:** We do only railway transaction yes in that on the non-railway transaction also we get.
- Tushar Bohra:** We are introducing right I believe it is an open wallet?
- Rajni Hasija:** Yes, it is certainly an open wallet and the close wallet is only for the IRCTC purposes for the railway purposes but here one can buy from Big Bazaar also.
- Tushar Bohra:** We are looking to expand the tie-up from the wallet or the bank will expand rather?
- Rajni Hasija:** Earlier we had this wallet on the Visa platform now we are going ahead with the RuPay platform also very soon you will see our own wallet iMudra on the RuPay platform, we are going to expand.
- Tushar Bohra:** Unlike in cards where we are getting only renewal fee in the wallet we will be getting per transaction something?



- Rajni Hasija:** We are already getting now though it is meagre but we are getting.
- Tushar Bohra:** As we already have 5 lakh cards as per the number of downloads I could check and so we expect this could be a significant revenue generator for us say in couple of years time would that be a fair assumption?
- Rajni Hasija:** Yes, some offers being there it would be more revenue generating also, we need to give more offers, which we are thinking of.
- Tushar Bohra:** One last on the media side we have set up this partnership with or some offer with Zee5 that is available on the website it is a very interesting offer if you could just comment more on what is the thought process and whether we will see more such offers coming up with other OTT players?
- Rajni Hasija:** Sorry I have to open and see it again long time back I had approved that offer because some offer was there if you give me some time I will get the offer again and then explain about it.
- Tushar Bohra:** It we were getting it at a subsidized rate Zee5 subscription getting at a subsidized rate for IRCTC users.
- Rajni Hasija:** Zee5 has tied-up with us on a promotion kind of a thing where they had shared some revenue with us so we had started that particular thing lump sum amount was given to IRCTC so we started this business with them and this was brought to us by our own partner in iMudra.
- Tushar Bohra:** By IndusInd you mean?
- Rajni Hasija:** Yes.
- Tushar Bohra:** So hopefully madam we should see more such offers coming up and you look to monetize the brand better?
- Rajni Hasija:** You will see more offers, you will see soon monetization of YouTube channels also.
- Tushar Bohra:** Great madam. I will come back in queue for more questions. Thank you.
- Moderator:** Thank you. The next question is from the line of Rahul Jain from Dolat Capital. Please go ahead.
- Rahul Jain:** Thanks for so many clarifications on the call. I just have two questions, when I see the tenders which have been floated for empowerment, for various contracts on the onboarding side, are these also pertaining to the recent cancelation, which we had done so that we could get them onboard as the new tenders would come into play as more train starts?



Rajni Hasija: See the tenders which have been terminated the trains were already cancelled they were not in operation so the contracts were not working so we have simply cancelled and now we are addressing their outstanding and their dues and our dues are being reconciled, so as of now once our railway normalizes the operation and of course these trains will come and we will do the retenders. The scope of the work may change to some extent for which we are apprehending that we will soon get some guidelines from Ministry of Railways, once we have guidelines and we get intimation about operation of the trains we will do tenders. In fact as far as the special trains are concerned every day we are getting 30 trains, 20 trains, which are being started, so the business segment is being added, but in other forms not with the same number the trains are coming with different number but the trains are coming.

Rahul Jain: So my question was more in terms of the new tenders which we have floated right now, so these tenders are towards this new special trend which are there for the short periods and is that the case?

Rajni Hasija: The short services tenders have been prevailing in such a manner the moment railway resumes the normal working so those trains they will be given a short notice because here the scope of the work is very different or in a very special kind and has been done only to handle the COVID situation, so once the normalcy that is achieved and normal trains operation resume and we will get a definite scope we will retender till such time and railway will also give a sufficient time of a 10 days or 7 days to get these services back on the platform so I think you may get new vendors also or the old because the empanelment remains the same you will get only from 30% or 40% that we have from those only.

Rahul Jain: What would be the actual step in terms of when we move from ready to eat to cooked foods category how this decision would be taken eventually and how far we are from that point?

Rajni Hasija: The transition from ready to eat to cooked food is going to be decided by Ministry of Railways and more than that with COVID, so we have to see how quickly we are normal and we are able to feel normal after COVID once that situation arise then it will be easy for the Ministry also to decide on these lines.

Rahul Jain: But are there any suggestions going from our side?

Rajni Hasija: Suggestions have already gone from our side.

Rahul Jain: Because we are getting very good response in tourism, which is an indication that people are expecting to live with COVID rather than trying to avoid that?



Rajni Hasija: We have sent a positive kind of a note to Ministry of Railways so them to decide because inventory is there and whatever services even if it is the revised scope we are sure that we will be able to do good in that also.

Rahul Jain: I was looking at some of the tenders where for this fast food units for places like Wari, Pandharpur, Kevadia, and Vasai, these tenders suggest the MLF which is similar to what we use to quote last year for other unit for Bhopal-Durgapur region so is it fair to assume that people are expecting a similar volume gradually and that is why we may get similar MLF per unit which we used to get?

Rajni Hasija: If we reduce MLF at this juncture then we would have reduced the scope of earning for us so the situation gradually will normalize first in this static catering so that is why we have kept MLF same we have not change the MLF it is only in the running unit where the footfall is very less we have reduced the license fee to accommodate our vendors and hold it their hand so that they continue with their business and provide facilities to the customers at the same time will be able to provide some license fee to us also. Otherwise there is no point in having a closed unit with you and the footfall is small and the unit is closed and there is no point in continuing with that kind of a contract so middle part has been arrived at by Ministry of Railways also and by us also even railways static unit are open in a restricted manner. We have not made any changes in the MLF while tendering because we are going to bid contract for a longer duration and the situation will normalize that is what we feel.

Rahul Jain: Lastly from the previous quarter which is Q3 till current date how many new trains of units would have been started?

Rajni Hasija: Last time when I did a concall it was around I think 1800 or 1900 trains were there few more trains I have received for tendering so you can add that number maybe roughly we are reaching around 2000 kind of a figure.

Rahul Jain: 2000 trains?

Rajni Hasija: Yes.

Rahul Jain: How many trains are operational from ticketing perspective today?

Rajni Hasija: Other than suburban where the traffic is completely unreserved wherever the reserved accommodation is yes it is available.

Rahul Jain: Presently how many of them are already in operation from booking perspective?

Rajni Hasija: All I said where the reserved accommodation is there in the form a second class sleeper or AC it is available with us you can say least suburban trains rest of all non-suburban are with us.



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Rahul Jain: Yes that is there I mean to say how many of them are operating today how many are running today?

Rajni Hasija: All are operating I mentioned this.

Rahul Jain: Okay got it. Thank you.

Moderator: Thank you. The next question is from the line of RanjithGopal from HSBC Global Asset Management. Please go ahead.

Ranjith Gopal: I had two questions first one is actually our intent to participate in the station modernization EPC kind of activity so do we have any clarity on this or platform modernization I think one of those two things that you mentioned earlier in one of the earlier calls so where are we in those tendering process and what could be the total outlay, which would be undertaken under this project that is first question, second question is just a followup on one of your earlier comments related to when you mentioned that the catering policy maybe relooked at from Ministry of Railways point of view obviously it is not sure as of now, but when you referring to the whole licensing process of the cancelled licenses that you are talking about or is it more related to the overhauling of the entire catering policy so just wanted to get a clarification on that?

Rajni Hasija: I will handle your first question first that is on station development I would like to mention that we are not into the station development activity. The another PSU of railways that is Indian Railway StationsDevelopment Corporation (IRSDC) is doing job we do not have any intention to entering into this venture as of now. Then answering to your second question that is the catering policy yes some decision has been taken by Ministry of Railways by cancelling the tenders cancelling the contracts which were running in abeyance, which were actually not running and kept in abeyance so if they are intending to change the complete policy or not well I cannot comment upon in this juncture because post COVID situation certainly call for some change. Tenders of service had changed, footfall at the stations have changed, people have reported very high license fee presuming the footfalls, so this call for a change. The level of service required different kind of services at the stations in the trains different hygiene levels are required so Ministry is looking from that perspective from the health point of view so that it does not become once the normalization happens and when the waitlist starts and everything starts then it does not become them, it does not become something very objectionable for them to operate. At this juncture I will not be able to comment, it is the recovery from the COVID that will decide what is going to be change in the policy so we know we all are struggling, hospitality industry has suffered the most so let us wait and watch.

Ranjith Gopal: You are pointing out to this specific instance because of COVID so I was actually more coming in from the 2017 or 2018 catering policy wherein we have all the rights of providing catering services in the railway network so that is not getting hold?



- Rajni Hasija:** As of now it is existing.
- Ranjith Gopal:** Yes so there is nothing to worry about the earlier policy it is more to do with the COVID impact and the current set of things that we see because of the disruption, which is getting realigned or rework?
- Rajni Hasija:** COVID impact certainly is going to affect us and let us wait and watch how COVID is brought into and how COVID is now perceived because things are changed we all are hoping for the good.
- Ranjith Gopal:** Okay madam thank you.
- Moderator:** Thank you. The next question is from the line of Rajesh Kothari from Alfaccurate Advisors. Please go ahead.
- Rajesh Kothari:** My first question is I am a little bit confused on your hotel business can you clarify what is going to be your strategy in hotel business because on one end you mentioned 200 Crores capex and then you say you will be also acquiring land at few locations and then you mentioned that you do not want to own the hotel so I am a little bit confused can you clarify what is the strategy of hotel business?
- Rajni Hasija:** We never said we do not want to own the hotel we have different modalities one is as an online travel portal we are committed to provide the accommodation services to our customers because demand is more in the industry and there are already 7 lakh hotels available in the country and this is unorganized kind of a sector. If you see ministry of tourism website only 500 to 600 hotels must be there, which are registered actually and other online travel portals are selling these hotels so we are bringing these hotels on our portal on commission basis so that they can be sold that is one part of the hotel business we do. Second part of the hotel business where we undertake certain work, work in the form of that retiring room at the station the accommodation available at the station is offered to us where we modernize it and we give it to the operator who is appointed to modernize it, operate it and maintain it for 5 to 10 years that is another model. We have bought land at few places where we are constructing our own budget hotels this is in Kevadia, in Lucknow, in Khajuraho, so the land appreciation goes to us only.
- Rajesh Kothari:** On the second part you said you would give to the private operator whosoever on the bidding basis so in the second model of undertake working retiring room accommodation room how you basically then charge it so you charge on fee basis to the railways how you do it?
- Rajni Hasija:** We take on this and we charge certain license fees on that and we have certain margins filled in that and overall the margins the last year from our catering business has been 14% so you can very well consider on the same line.



- Rajesh Kothari:** This basically goes under which segment while reporting?
- Rajni Hasija:** Catering.
- Rajesh Kothari:** This is part of catering business?
- Rajni Hasija:** Carrying on comes under catering.
- Rajesh Kothari:** For the buy land at few locations that is where you have identified 200 Crores of capex over next three, four years?
- Rajni Hasija:** Next three, four years yes because we are going to construct four hotels and there we have also given capital support of 20 Crores each hotel, of course this capital support has been built in, in the license fee that is going to be given and some revenue share also we have taken.
- Rajesh Kothari:** You will be managing this hotel or you will be...
- Rajni Hasija:** No, it is all outsourcing model Sir.
- Rajesh Kothari:** That is what I am asking so you will buy land then the construction will be done by whom?
- Rajni Hasija:** See we start from the buying a land then we design through an architect we appoint a consultant do a feasibility study then we do for tendering process with consultant onboard then we will tender it out for building, operating and maintaining and then while doing that to that operator we provide support of 20 crore and once they build it and every year they have to pay us back in the form of a license fee plus the revenue share which is our bid variable.
- Rajesh Kothari:** Understood. My second question is with reference to our main internet ticketing business where currently through internet booking has reached to almost like 92% or so, so my question is how do you see these trends once the normalization post COVID let us assume by next year or so what do you think will be in your estimate where this number can settle?
- Rajni Hasija:** You might have heard about the GDS.
- Rajesh Kothari:** Yes.
- Rajni Hasija:** So one can think of IRCTC as GDS operators because if they have to sell the inventory these guys all these private operators whosoever has brought in so unless until they go through IRCTC they will not be able to sell it fully, of course they can sell it even if they go to MMT so MMT again is our partner so the train has to be shown in competition so this internet ticketing continues to rise over there also because all these trains have to be in competition with the other



trains run by Railways unless until you see other **(inaudible) 52:42**. So this can be additional revenue source for us we may become a GDS for that.

Rajesh Kothari: What we are trying to understand like currently if I see the internet revenue that is recovered almost around 64% and I believe currently daily volume is around 8 lakhs and if I see out of that 8 lakh 3 lakh is basically 2S volumes and this is that the 45% trains are only running so what our question basically can this number even if the 2S goes away then also the performance of the overall booking is like 5 lakh and in a peak time we use to do 9 lakh so at a normalized level can we do something around 10, 12 lakh even if the 2S is not there and if 2S says even 50% then once it goes up to...

Rajni Hasija: I got your question, the figure is going to be more than what we had last year and what we have now because the offline mode has got transferred into online, the lot of transition has happened in addition to the second class being here. So there is going to be growth in the internet ticketing in offline mode, say in online mode there has been a transition conversion has been there.

Rajesh Kothari: We will come back in queue. Thank you madam.

Moderator: Thank you. The next question is from the line of Ishpreet Kaur from Motilal Oswal Financial Services. Please go ahead.

Ishpreet Kaur: Like you were saying in the previous question that the growth is going to be larger in the internet ticketing maybe the revenue could be close to double when things normalize and the trains are back to the 2500 running rate could the margins be close to around 90% because the additional revenue would not have much incremental cost?

Rajni Hasija: Let me correct madam the total contribution of the convenience fee in the last nine months has been around 62% rest of the 38% has been from the other source and the way the 62% is growing the other percentage is also growing so these are our actual effort that we are doing, one engine has been installed and the same engine is being used even if the one ticket is booked out and that tickets are being booked does not make much difference but our effort lies here to increase this 38% that we are focusing right now.

Ishpreet Kaur: So could this result in much higher margins than what we have seen in FY2020 in the normalized time?

Rajni Hasija: We are trying but the COVID has impacted the advertisement industry so there the increase may not be much although the total contribution is going to be very near to what total percentage contribution last year has been earned revenue of Rs. 39 Crores this year it has already crossed 10 Cr by December-20, after that few more ads have come and similarly agent commission has not been much because the ticket booking has not come. Integration charges we have gone for



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new integration so integration charges have increased because we had certain times and we utilize the time for doing integration so you will find and you have already seen the increase in the integration and the net banking has been there so iPay will also improve.

Ishpreet Kaur: Post COVID madam could we see that higher margin once things are back to normal?

Rajni Hasija: We can hope for that, we are growing madam we are growing so let us see some change.

Ishpreet Kaur: In the bus segment that we ventured now are we doing only private operators by booking or is it that state owned buses are also there?

Rajni Hasija: I would like to correct you here, first RedBus and Abhibus my partners are only aggregators, they have private buses also and they have state run buses also.

Ishpreet Kaur: Okay sure so we are going via the aggregator route?

Rajni Hasija: Yes.

Ishpreet Kaur: And madam how much would be the hotel revenue for us now in the way you said that 70 to 100 portals are listed apart from this COVID in FY2020 how much would it have been?

Rajni Hasija: I think I need to check this segment maybe subsequently we will post it from here in the results separately.

Ishpreet Kaur: Were they 70 to 100 listed in FY2020 as well?

Rajni Hasija: No, at that time we had a different kind of a tie-up, the hotel industry has seen many transitions, at that time we have tied up with the aggregator only know, the direct tie-up we have done for the first time this financial year only, we started but we completed when we had time during COVID.

Ishpreet Kaur: Thank you madam.

Moderator: Thank you. The next question is from the line of Jaspreet Singh Arora from Equentis PMS. Please go ahead.

Jaspreet Singh Arora: I had one question related to the A ticketing so believe we are doing 5000 plus per day see average about 50 bucks per ticket so just wanted to understand one how is the tie-ups are with individual airlines and do we have like tie-ups with all of them by now how does it work?

Rajni Hasija: We had tie-up with the GDS also travel portal (Galileo) and for the low cost airlines we have individual tie-ups for all the individual airlines.



Singh Arora: Since there is significant gap between us and what others would be charging which is probably 5 to 6 times what could be and obviously it is a good start for us in terms of the number we have reached what could be the opportunity here according to you let us say in two years could this be go up like 4x, 6x?

Rajni Hasija: 4x, 6x I will not perceive it here, but certainly I will like to mention here that we have started this kind very late and we entered in the market very late. When we were there MMT and Yatra had already taken more than 30% share of the market so first thing is to capture the share of the market that we are doing we started with 0% now we are around 3% and we have recently started, earlier also we have gone for international booking so just to make it more lucrative we started the new business of our international insurance where we had given a free insurance as a lucrative offer, our convenience fee is the lowest. We need to market it well perhaps we need to market it well unlike MMT and Yatra, etc. We are not in position to give cash back immediately because we are a government entity and we are a listed company we cannot throw away investors money like that so we are not making that much market, but we are certainly coming up with a very good marketing plan for our air business. So you will see certain growth our target is to bring it to 2x at least in the coming financial year so air segment. You here in railway I have a monopoly but in air I have competition everywhere, every penny has to be earned, so every penny has to be earned keeping interest of the GDS in mind and keeping the interest of the airline also in mind so there the challenges are more than the railway ticketing so we are concurring each and every challenge day by day maybe next year you will find some good amount of growth in this segment also.

Jaspreet Singh Arora: The margins error maybe over a period of time closer to what we get on our core business?

Rajni Hasija: Core business internet accretion.

Jaspreet Singh Arora: Yes.

Rajni Hasija: Those margins difficult to achieve in this, the revenue is shared between many.

Jaspreet Singh Arora: Sure got it fair point and just related to that the second part is are there more such avenues which are still unexplored or that would only come up once you form up your plans of data monetization?

Rajni Hasija: If you are talking about the data monetization of the website?

Jaspreet Singh Arora: No, more such strategic tie-ups/offering, are there more possibilities which are at the drawing board stage or we have kind of exhausted much of it?



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Rajni Hasija: No, see just now I have mentioned that our contribution in our core segment internet ticketing is contributing the most, in that the convenience fee is the contributing one, but still that is 52% in that the left over 38% and in the tourism sector also we are working very hard bringing entire things together so that our revenue from the hotel and the other segment increases significantly our air segment also does well and in the states going to start you might have read in the newspaper that Madhya Pradesh government has come up that Mukhya Mantri Teerth Darshan Yojana is going to start soon I was reading in today's newspaper in Hindi newspaper it was there so we will be beneficiary out of that again that is also a strategic tie-up. In Rail Neer also our revenue will increase in that segment and in the strategic tie-up as these GDS also have international hotels with them and they have other low cost international airlines so which as of now many of them will have few of them we do not have, but the inventory is sold directly with the agents so we are now going in that with the B2B kind of a structure with those agents and trying to bring that inventory on our portal also to make our portal complete that each and everything is available and it becomes a one stop solution for every commute, every user, bus is there, hotel is there, train is there, aeroplane is there, so like that, we are trying to make it complete so we are going one strategic tie-up in that direction.

Jaspreet Singh Arora: Sure got it madam thank you so much and all the best.

Moderator: Thank you. Ladies and gentlemen this was the last question for today. I would now like to hand the conference over to the management for closing comments. Madam would you like to add any closing comments.

Rajni Hasija: No thank you very much for being a patient listener madam. Thank to every investors and rest assured that IRCTC team is striving very hard to come back from the impact of COVID and restore the confidence of all the investors that you have shown in the past results, but when we do lot of trading then we really get Goosebumps how it is happening and at the same time we are happy that confidence of the investor is retained with us, so IRCTC team is working very, very hard to bring back and come out of COVID and assure you all the improvement that we can. Thank you very much.

Urmil Shah: Thank you madam this is Urmil here thank you for giving us the opportunity and thank you everyone for logging in have a good day ahead. Mallika we can close the call now.

Moderator: Thank you Sir. On behalf of IDBI Capital Markets & Services that concludes this conference. Thank you for joining us and you may now disconnect your lines.