

**REVIEW OF ANNUAL REPORT AND AUDITED ACCOUNTS OF INDIAN RAILWAY
CATERING AND TOURISM CORPORATION LIMITED FOR THE YEAR 2016-17**

Background

Indian Railway Catering and Tourism Corporation Limited (IRCTC), was incorporated on 27th September 1999 under the Companies Act, 1956 as an extended arm of the Indian Railways to upgrade, professionalize and manage the catering and hospitality services at stations, on trains and other locations and to promote domestic and international tourism through development of budget hotels, special tour packages, information & commercial publicity and global reservation systems. The authorised share capital of the company is Rs. 50 crores and paid up share capital is Rs. 40 crores, fully subscribed by Ministry of Railways, Government of India.

Financial Performance Highlights

During the financial year 2016-17, the Company achieved a total income of Rs. 1,596.31 crore, as compared to Rs. 1,523.41 crore in the previous year. The Company earned Profit before tax of Rs. 328.47 in 2016-17 as compared to Rs. 306.79 crore in 2015-16 and Profit after tax of Rs. 211.71 crore in 2016-17 as compared to Rs. 197.30 crore in 2015-16.

The Board of Directors has recommended a Final dividend of Rs. 84.68 crore @ Rs. 21.17 per share for F.Y. 2016-17 (including Interim Dividend of Rs. 37.50 crore @ Rs. 18.75. per share, which has been paid already) as against Rs.75.45 crore paid in the previous year.

The last five years financial highlights are as below:

(Rs. in Crores)

| S. NO. | PARTICULARS | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|--------|--------------------------------|---------|---------|----------|----------|---------|
| 1 | Total Income | 719.69 | 954.70 | 1,141.21 | 1,523.41 | 1596.31 |
| 2 | Total Expenditure | 611.24 | 810.52 | 906.76 | 1,193.58 | 1246.31 |
| 3 | Gross Margin | 108.45 | 144.18 | 234.45 | 329.82 | 353.42 |
| 4 | Profit Before Taxes | 92.41 | 127.41 | 214.03 | 306.79 | 328.47 |
| 5 | Provision for Taxes | 33.57 | 55.40 | 83.40 | 109.49 | 116.76 |
| 6 | Profit After Tax | 58.84 | 72.01 | 130.63 | 197.30 | 211.71 |
| 7. | Dividend | 11.77 | 14.40 | 26.13 | 75.45 | 84.68 |
| 8 | Net worth | 291.77 | 346.92 | 444.25 | 700.57 | 778.34 |
| 9. | Number of Employees | 1725 | 1672 | 1511 | 1483 | 1494 |
| 10. | Ratios | | | | | |
| (i) | Gross Margin/Total Income | 15.06% | 15.10% | 20.54% | 21.65% | 22.14% |
| (ii) | Total expenditure/total income | 84.93% | 84.90% | 79.46% | 78.35% | 78.07% |

Catering & Hospitality:

During the year, IRCTC had 134 mobile units (including 17 Duronto), 4 Base Kitchens, 09 Jan Ahaars and 2 Refreshment Rooms. IRCTC also managed on-board catering services in 93 Mail/Express, 9 Rajdhani and 5 Shatabdi trains through award of temporary licenses for onboard catering services. As on 31.03.2017, IRCTC operated 01 Shatabdi and 06 Mail Express trains through departmental operations. Ministry of Railways introduced Gatiman and Humsafar trains (12571-72, GKP-ANVT, 12595-96 and 22287-88 HWH-YPR Humsafar trains) and IRCTC was mandated to manage the onboard catering services in these trains.

Under Catering Policy 2017 issued by Ministry of Railways, IRCTC has been mandated to upgrade the quality of food preparation and shall be setting up new kitchens and upgrade existing ones. IRCTC has undertaken unbundling process in 04 phases including partial unbundling. Presently, IRCTC is in 2nd phase i.e. partial unbundling through temporary licenses. As on 31.03.2017, IRCTC managed 10 Duronto and 8 Rajdhani trains on partial unbundling model.

The Company commissioned 18 Food Plazas and 26 Fast Food Units, making the total number of operational units to 223. The company also awarded 54 units at annual license fee of Rs. 24 crore during 2016-17. The total earning from FPs/FFUs for FY 2016-17 stood at Rs. 38.16 Crore.

Under E-Catering, around 250 stations have already been made live and Self Help Groups from 10 stations are also serving meals through E-Catering. The web page for E-Catering has also been upgraded and made more user friendly by incorporating innovative upgrades for improved user engagement.

IRCTC takes consistent steps to improve the quality of catering services through ISO certification. During the year 2016-17, 20 Food Plazas/Fast Food Units were certified with ISO 22000:2005 certification, taking the total number to 131 out of 190 licensee-operated units, as on 31st March, 2017. A total of 1073 complaints were received from train passengers during 2016-17 as against 1252 in the previous year, thereby posting a reduction of 14.3%.

The total Revenue in Departmental catering was Rs. 234.98 crore in FY 2016-17 as compared to Rs. 255.56 crore in FY 2015-16. The Total Revenue in Licensee catering was Rs.161.63 crore in FY 2016-17 as compared to Rs. 76.09 crore in FY 2015-16. The NRC units contributed Rs. 15.87 crore to the total revenue in 2016-17 as compared to Rs. 27.28 crore in 2015-16.

Internet Ticketing:

E-ticketing now accounts for 62% of reserved tickets in India booked online, leaving behind several high profile e-commerce sites worldwide. On an average, more than 5.73 lakh tickets were sold daily through IRCTC's website during the 2016-17.

Number of E-tickets booked, number of passengers booked E-tickets, E-ticketing Revenue Collection from users and service charge collected on E-tickets excluding service tax during the year as against previous year are as under:

| Year | 2016-17 | 2015-16 |
|---|----------|----------|
| No. of E-Tickets Booked (in Lakhs) | 2092.95 | 1992.80 |
| No. of Passengers Booked E-tickets (in Lakhs) | 3730.87 | 3595.82 |
| E-ticketing Revenue Collection (` in Crores) | 24485.21 | 23395.03 |
| Service Charge (Rs.in Crores) | 416.14 | 627.62 |

During the year, the following have been the highlights of Internet Ticketing segment:

- During the year 2016-17, the Next Generation E-Ticketing System (NGeT) booked a total of 2,092.95 Lakh tickets.
- Under NGeT system, booking of 16,555 tickets per minute was achieved on 14th August, 2016.
- Optional Travel Insurance started online on 01st September 2016 and Free insurance is being provided to all Confirmed/RAC passengers w.e.f 10th December 2016.
- Counter/System ticket online cancellation started from 29th April, 2016.
- Booking through International Credit Cards was launched for international users on 29th April, 2016.

The total Revenue in Internet Ticketing is Rs. 466.05 crore in FY 2016-17 as compared to Rs. 632.15 crore in FY 2015-16. There is approx. 26% decrease in revenue as compared to previous year. This is due to withdrawal of Service charge on tickets booked through IRCTC website w.e.f. 22.11.2016.

Travel & Tourism:

During the year 2016- 17, IRCTC launched Gatiman type Rail Tour packages, Aastha Circuit Special Train, Semi Luxury Trains i.e. Tiger Express, Udaipur- City of Lakes and Tiger Express with City of Lakes- Udaipur Circuits, Gandhi Express Train, Photo Gallery, Ayurvedic Treatment Packages, etc. through IRCTC's Tourism Portal www.irctctourism.com.

IRCTC is also operating all inclusive Tour packages including Rail, Land and Domestic/ International Air packages across India as well as abroad, which includes confirmed Rail travel/ air ticket, road transfers, accommodation, meals and sightseeing.

In co-ordination with State Governments, IRCTC has operated 260 State Special Trains for elderly residents of respective States such as Madhya Pradesh, Rajasthan, Punjab, Odisha, Chhattisgarh and Jharkhand.

Approx. 3,500 air tickets were booked daily in FY 2016-17 in IRCTC's air portal www.air.irctc.co.in.

The Maharajas' Express has been awarded as the World's leading Luxury Tourist Train consecutively for 5 years from the year 2012 to 2016 at the World Travel Awards.

Travel & Tourism Business of IRCTC has generated an income of Rs. 527.35 Crore in the year 2016-17 as compared to Rs. 374.33 crore in the year 2015-16.

Packaged Drinking Water (Rail Neer) & Water Vending Machines:

At present, IRCTC has seven operational Railneer plants located at Delhi, Patna, Palur, Ambernath, Amethi, Parassala and Bilaspur, out of which Rail Neer Plants at Amethi and Parassala are under PPP mode.

The total production of Rail Neer at Nangloi, Danapur, Palur, Ambernath, Amethi, Parassala & Bilaspur plants was 18.70 crore bottles against total production of 15.76 crore bottles in previous year. Commercial production at Rail Neer Plant Bilaspur was started in March, 2017.

Rail Neer Plant, Danapur, Nangloi, Palur and Ambernath are accredited with ISO: 9001- 2008 quality management system certification. Rail Neer Plant, Ambernath is also accredited with 22000:2015 certification. The result of the test, carried out by accredited laboratories on Rail Neer Packaged Drinking Water indicates that the quality of Rail Neer conforms to European Economic Community (EEC) norms for pesticide residue.

The Company has identified installation of 2500 Water Vending Machines across Indian Railways and commissioned 1011 Water Vending Machines during the year. Around 80% of A-1 category stations have been provided with Water Vending Machines.

The total Revenue of Rail Neer was Rs. 159.10 crore in FY 2016-17 as compared to Rs.133.38 crore in FY 2015-16. This does not include sale of Rail Neer through departmental catering, amounting to Rs.13.20 crore as against Rs.15.54 crore in the previous year 2015-16. The increase in revenue is mainly attributed to increase in demand of railneer by the licensees and operation of new Parsala Plant.
