IRCTC

Operator: Ladies and gentlemen, good day and welcome to the Indian Railway Catering and Tourism Corporation Ltd. Q1 FY27 earnings call hosted by Dolat Capital. As a reminder, all participant lines will be in 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 the operator by pressing star and then zero on your touch-tone 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, Mr. Rahul.

Rahul Jain – Dolat Capital: Thank you, Nitesh. Good afternoon, everyone. On behalf of Dolat Capital, we welcome you all to the Q1 FY27 earnings conference call of IRCTC Limited. I take this opportunity to welcome the management of IRCTC, represented by Mr. Rahul Himalayan, who is CMD and Director, Tourism and Marketing; Mr. Rajnish Narayan, who is Director Finance and CFO; and Mr. Manoj Kumar Sharma, who is Director Catering Services of the company. Now I would like to hand the conference over to IRCTC management to take the proceedings forward. Over to you, Mr. CMD.

Rahul Himalayan – CMD & Director Tourism & Marketing: Good afternoon, ladies and gentlemen. I am Rahul Himalayan, Director, Tourism and Marketing, and Chairman and Managing Director. It is my pleasure to welcome you to IRCTC's earnings call for the first quarter of this financial year 2026-27. The financial results for the quarter were announced yesterday and have been duly filed with the stock exchanges. I would like to begin by sharing a brief overview of our performance, following which our Director Finance and CFO, Mr. Rajnish Narayan, will take you through the detailed financial and segment-wise performance.

Q1 of FY27 has been a quarter of resilient performance for IRCTC, reflecting the strength of our diversified business model and the continued momentum across our core business segments. During the quarter, PAT stood at 330 crores, supported by healthy performance across our catering, tourism, and internet ticketing segments. This performance was further supported by improved operational efficiencies and disciplined cost management. EBITDA stood at 386 crores, registering a year-on-year decline of 2.77%. Despite this moderation, the company continued to maintain a strong operating performance during the quarter.

Our revenue from operations increased to 1,370 crores from 1,160 crores in the corresponding quarter of the previous year, representing robust year-on-year growth of 18.10%. The growth was primarily driven by strong contributions from the catering and tourism segments. Our performance continues to be supported by a strong brand, extensive customer reach, a diversified business portfolio, and growing digital capabilities. We remain focused on enhancing operational efficiency while continuously improving the customer experience.

Looking ahead, we remain committed to strengthening our existing business and developing new-age offerings. We will continue to leverage technology, enhance operational capabilities, and explore emerging opportunities across tourism, hospitality, and value-added services. We remain confident that our strong financial position, resilient business model, and focus on operational excellence will enable us to sustain our growth momentum and create long-term and enduring value for all our stakeholders.

Before I conclude, I would like to say that IRCTC is a customer-centric organization. For the external customer, it stands for “I Ready Care towards the Customer”—IRCTC. For the internal customer, our workforce, only when they are highly inspired and motivated, IRCTC stands for “I Ready Care to Contribute.” With this, the entire circle is completed, and the customer is God for us.

With this brief overview, I would now like to hand over the call to Mr. Rajnish Narayan, Director Finance and CFO, who will take you through the detailed financial and segmental performance. Thank you, and I wish all of you a very productive discussion. Thank you.

Rajnish Narayan - Director Finance & CFO: Thank you, sir. Good afternoon, ladies and gentlemen. On behalf of the management of IRCTC, I extend a warm welcome to all of you to this earnings call to discuss our financial and operational performance for Q1 FY27. I am pleased to share that the company delivered increased revenue during the quarter, reflecting our diversified business model and disciplined execution. PAT stood at 330 crores for the mentioned period. Total revenue for the quarter reached 1,370 crores, representing an 18.1% increase over the corresponding period last year. EBITDA stood at 386 crores, with a healthy EBITDA margin of 28.17%. Although there was a slight decline in margins due to changes in the revenue mix, particularly the higher contribution from catering, the implication of additional HR costs of around 20 crores, and an increase in direct costs in the ticketing segment, our overall profitability remained strong and sustainable.

Let me now briefly highlight the segment-wise performance. Internet ticketing revenue stood at 361 crores, up by about 0.5%, and nearly 89% of reserved railway tickets in India are now booked through our online platform, underscoring our leadership in digital ticketing. This segment delivered an impressive EBITDA margin in excess of 80%, reflecting strong operating leverage and cost efficiency.

Next, catering recorded revenue of 732 crores, achieving robust growth of 33.82% year-on-year. Margins were impacted due to higher sales in train catering operations and pilot initiatives such as branded catering projects, along with our continuous focus on enhancing customer value and passenger satisfaction. Despite this, the segment remains a steady and scalable growth driver, supported by rising passenger volumes and ongoing service improvements.

The related sector, Rail Neer, generated revenue of 109 crores, registering 2.83% year-on-year growth, with a margin of about 10%. Tourism delivered a positive performance, with revenue of 168 crores, marking an increase in revenue of 13.5% year-on-year, despite temporary geopolitical disruptions. EBITDA margins improved to 11.31% from 8.88%, reflecting a better product mix and focused cost realization initiatives.

Our overall first-quarter results demonstrate the resilience of our business, disciplined cost management, a strong digital backbone, and an unwavering focus on operational excellence. We remain confident in our growth momentum and are well-positioned to create sustainable long-term value for our stakeholders. With this, I conclude my remarks. We will now open the floor for questions. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Anish Gupta from SS Family House. Please go ahead.

Anish Gupta – SS Family House: Hello, sir. A very good afternoon. My first question is regarding the resignation submitted by Sanjay. Although no reason was specified in the letter that he shared, could you please tell us the reason for his resignation and assure the shareholders and stakeholders that there are no material discrepancies within the company?

Rahul Himalayan – CMD & Director Tourism & Marketing: Do you want me to answer this, or will you ask the remaining questions?

Anish Gupta – SS Family House: No, sir. You can answer.

Rahul Himalayan – CMD & Director Tourism & Marketing: Yes. First of all, Sanjay sir's performance and leadership were phenomenal, both in the Railways and in IRCTC. It was a completely personal decision, and IRCTC will continue to grow stronger day by day. Even emulating his leadership skills will be a matter of pride for us. In personal and professional life, you have a work-life balance, and certain situations arise. We respect [inaudible].

Management: IRCTC as an organization will continue to grow stronger, with Sanjay Jain sir supporting us from outside in whatever capacity he can. We can assure you of that.

Anish Gupta – SS Family House: Good morning, team. My first question would be on Rail Neer. During the channel checks conducted, we have seen meaningful availability of third-party bottled water brands across non-AC train categories and several station kiosks. Could you help us understand whether this reflects supply constraints, distribution gaps, or any compliance issues? Additionally, how should investors think about the incremental revenue potential if Rail Neer were able to materially improve its share in these channels?

Management: Rail Neer is currently comfortable, and it has a USP because it is priced at Rs.14 compared to other packaged drinking water in the market. However, now we are talking about capacity. The installed capacity of Rail Neer is around 17.77, which has reduced from 18.4 because of the closure of one plant. The requirement and supply are around 15.5 lakh bottles per day. The requirement is much higher. That is why we have a few stations where the requirement is around 30-plus lakh and 25-plus lakh bottles per day. However, the issue remains that there are some mandatory stations around which Rail Neer bottles are compulsory.

This gap is sometimes unfortunately utilized by unauthorized vendors. It is a problem duly recognized by the Railways and by IRCTC as well, that these packaged drinking water bottles should not be present. However, the immediate approach for IRCTC is, first, the augmentation of existing capacity. At Amarnath, we are going from 2 lakh bottles to 3 lakh bottles per day. For Danapur, we are trying to increase capacity from 1 lakh to 2 lakh bottles per day.

Other than that, we are coming up with four new plants: Prayagraj, Mysore, Ranchi, and Bhagalpur. At Prayagraj and Mysore, the land has been allotted. In Ranchi, confirmation of the land allotment has just come, yesterday. This is the conventional approach that we are taking to meet the gap by expanding the existing plants and introducing new plants. Considering the entire ecosystem of packaged drinking water across the country and how we can leverage and utilize it is a question that will be decided by many policy decisions. However, the fact remains that within the conventional system and the existing framework, we are setting up new plants and augmenting the production capacity of existing plants. Thank you.

Anish Gupta – SS Family House: Sir, could you also provide the timeline by which these new plants will become operational?

Management: Right now, the land has only been allotted. It might spill over to the next financial year, with a focus on Prayagraj, Mysore, and Ranchi first. There are upcoming plants also, for which we cannot provide a timeline. There may be plants in Varanasi, Pune, and other places as well, depending on the fact that we have a radius of around 250 kilometers within which a plant can comfortably serve. Therefore, the timeline can easily extend to the financial year beyond FY26-27.

This year, the augmentation of two plants should be finalized. If everything goes well, during this financial year, Amarnath will be augmented from 2 lakh bottles to 3 lakh bottles, and Danapur from 1 lakh to 2 lakh bottles. That should be finalized this year.

Anish Gupta – SS Family House: My final question is on the catering side. Could you share any trends in catering attachment rates over the last few years and to what extent you believe that food quality perceptions are affecting demand? What measurable steps are being taken to improve the passenger experience and drive higher catering consumption? On the quantitative side, can you also quantify the mix of people who opt out and opt in for food for FY26 and Q1 FY27?

Management: As far as catering is concerned, there are various categories of trains, including Vande Bharat and prepaid trains such as Vande Bharat, Rajdhani, Shatabdi, Tejas, Duronto, and Gatimaan Express. Then there are Mail Express trains, which have pantry cars, and TSV trains, or Train Side Vending trains, which do not have a pantry car.

As I said earlier, the focus of IRCTC is customer-centric. In the current system, we also have the option of e-catering, which has grown from around 1.25 lakh meals to more than 1.6 lakh meals per day. We have also introduced the concept of e-pantry. Through e-pantry, we are reaching more than 50 trains, in which passengers can order meals from the same train through their mobile phone or a QR code. This will eliminate the possibility of overcharging, and the service may reach around 100 trains.

Within the same ecosystem, we are giving passengers various options. Regarding quality, this is still at the policy formulation stage. We at IRCTC understand that quality has to improve. We are also considering, guided by our ministry, bringing in branded players, assessing their willingness, and bringing them into the ecosystem. Through competition and quality competition, we will try to address this issue. This exercise may take some time, but this is the need of the hour and the need of the customer, and we will move in this direction.

Anish Gupta – SS Family House: On the prepaid mix, what would be the percentage of people who opt in and opt out for food while booking their tickets through IRCTC?

Management: As I said, opt-outs would be around 25%-30%. Regarding complaints, we are focusing on around 58 crore meals per annum, and we have a complaint ratio of 0.0008%. Our aim is to reduce this. Sometimes, when the complaint is purely about an anomaly, such as stale food or staff behavior, we take responsibility for it. However, sometimes complaints relate to taste preferences, perceptions, and similar matters. Many complaints are suggestions for improvement, such as requests for water, baby food, and so on.

There are around 300-500 complaints logged daily out of around 18 lakh meals supplied daily, which comes to less than around 0.0008%. Opt-outs are around 25%-30%. However, this figure will be confirmed, because I am giving this as an off-hand figure for opt-outs. This also shows that we have provided the facility. Earlier, it was more of an opt-in system, but people have started opting out and saving the catering charges.

Anish Gupta – SS Family House: If these necessary KPIs could be included in an investor presentation for investors to review, that would be really helpful from next quarter onward.

Management: Thank you very much. We take note of your suggestion and will proceed with implementation.

Anish Gupta – SS Family House: Thank you, and all the very best for the future.

Management: Thank you. Thank you very much.

Operator: Thank you. We have the next question from the line of Kashish Mehta from Dolat Capital. Please go ahead.

Kashish Mehta – Dolat Capital: Hi, team. Thank you for taking my question and for the opportunity. I would like to start with an interesting article I read either this morning or yesterday about the advertising rights for Tejas being given to Sprite, with the train being rebranded as Sprite Tejas. This is quite novel because often we see posters or banners on trains, but rebranding an entire train as a particular advertisement and drawing those advertising accretions back to the margins, which have improved sequentially for tourism, is a new development. I wanted to understand whether this is a new area that the company is now exploring and, if these actions continue, how the margins in the tourism sector could develop.

Management: First of all, good afternoon to you. IRCTC operates two private trains. These are the only corporate trains operated across Indian Railways. One is the Lucknow Junction–NDLS Tejas Express, and the other is the Ahmedabad–Mumbai Tejas Express.

In this entire setup, IRCTC staff alone provide comprehensive services, including catering, security, housekeeping, and ticket checking. The experience is elevated through rail hostesses, extensive automation, GPS, and CCTV on the train itself.

Within this setup, we have the concept of NFR, or Non-Fare Revenue. This includes vinyl wrapping of coaches, either on an individual basis or across an entire train; transcripts or boards being attached inside the coaches; and opportunities for parties to participate. We have a policy for this, including the naming of trains. For example, there can be a LIC Tejas Express or a Sprite Tejas Express.

There are fixed amounts for these activities. In this way, the profitability and viability of the trains can improve in addition to fare revenue, catering charges, and catering licence fees. This is one of the ways in which we can generate revenue. It was introduced in the beginning when the trains were launched, but it became somewhat slow. Now, with our regional and zonal offices becoming more active, this concept of NFR will be promoted further.

This was always present, like a dormant volcano, and has now emerged for the first time. Let me inform you that the naming of the Tejas Express train is being done for the very first time. Thank you.

Kashish Mehta – Dolat Capital: Thank you. That was very helpful. Coming to the catering vertical, you broadly touched upon what is driving the vertical. To confine it to the quarter-on-quarter movement, the performance has been excellent and different from past trends, where Q1 catering is usually somewhat softer. This time, it has shown a significant improvement in the revenue numbers. Could you break down what specifically helped these numbers during the quarter?

Management: I will answer your question. First of all, before going into the details of catering, it is important to understand that revenue increased from 1,160 crores in Q1 FY26 to 1,370 crores in Q1 FY27. Catering contributed 732 crores, Rail Neer 109 crores, tourism 168 crores, and internet ticketing 361 crores.

Catering itself contributed around 54%, and the delta between Q1 FY27 and Q1 FY26 was 732 crores minus 547 crores, which is around 185 crores from catering itself. The delta in Rail Neer was only 3 crores, in tourism 20 crores, and in internet ticketing 2 crores.

The catering delta of 185 crores comprised several components. On-board sales from prepaid trains rose from 301 crores to 413 crores. Second, the licence fee from prepaid mobile trains and other trains rose from 192 crores to 224 crores. There was a rise of around 105 crores from these two combined.

The licence fee from static units grew from 22 crores to 33 crores. The licence fee for e-catering grew from 9 crores to 22 crores. E-catering is another growing segment, with meals increasing from around 1.05 lakh in FY25-26 to 1.69 lakh meals in FY26-27. E-catering revenue increased by 6 crores, from 16 crores to 22 crores.

Election specials grew from 5 crores to 41 crores. Combining on-board sales of 413 crores, the licence fee for mobile trains of 224 crores, the licence fee for static units of 33 crores, the e-catering licence fee of 22 crores, election specials of 41 crores, and other income of 15 crores, the total came to 747 crores. That was the breakdown of catering. Thank you.

Kashish Mehta – Dolat Capital: Thank you for that breakdown. My last question is on the regulatory front regarding the payment aggregator licence. What is the progress and current status, and how are we looking to monetize it in terms of integration? What plans is the company actively working on right now?

Management: Regarding iPay, or IRCTC Payments Limited, we started with the in-principle approval granted by the RBI last year. The RBI gave us a deadline of August 4, 2026, for submitting the final application. We have submitted the final application.

Second, the final application required submission of the SAR and MVP feasibility, that is, the System Audit Report and Minimum Viable Product feasibility, and we have submitted those as well. It should take this financial year for the RBI to respond.

At the same time, the RBI wanted us to finalize a TSP, or technological service provider, which we have already engaged. Once iPay is in position, out of the 15 lakh tickets booked daily, around 90% are...

Management: B2C is done around 82%-83% online by IRCTC. This comprises around 52%-54% through the Rail Connect mobile app and around 17% through the IRCTC website. The remaining 30%, 2%, is G2G for various forces, including BSF, NSG, CRPF, CISF, and paramilitary forces, including the Army. Around 28% is through business associates.

Within this entire setup, iPay currently carries out around 2.7 lakh transactions because it cannot monopolize the entire system since it does not yet have the RBI licence. Once we have the RBI licence, we may expand across IRCTC.

Second, we can approach the Railways for various passenger- and freight-related services, such as the Terminal Management System, POS, and other services. Third, we can approach the Railways regarding GeM and pension schemes. We can also approach the private market.

All these things have to proceed step by step. If, hopefully, everything remains positive and we receive the RBI licence, we can expand like any other payment aggregator, such as Razorpay and PhonePe. Thank you.

Kashish Mehta - Dolat Capital: That is all. I will rejoin the queue for follow-up questions later. Thank you.

Management: Thank you.

Operator: Thank you. We have the next question from the line of Naveen from I-Thought PMS. Please go ahead.

Naveen - I-Thought PMS: Thank you for taking my question, and congratulations on a good set of numbers. I wanted to understand a couple of things. One is regarding non-convenience revenue. It would be helpful if you could provide the breakdown between the non-convenience and convenience components and also discuss some of the initiatives that are working and those that are not working with respect to driving non-convenience revenue. For example, the Rail Connect initiative and some of the other cross-sells that we are trying to do, including iPay. Could you provide some insight on that? You can answer this question first, and then I will ask my next question.

Management: Thank you very much. As far as internet ticketing is concerned, convenience revenue increased from 236 crores to 248 crores, whereas non-convenience revenue declined from 123 crores to 113 crores.

Non-convenience revenue comes from two things. One is the spin-offs attached to the ticketing business, which operate around its periphery, whether marketing and advertising revenue, agent business, iPay commission, payment gateway business, or the e-wallet loyalty program.

There has been a marginal decline. One thing you will have to appreciate, as I said earlier, is that our complete focus is on customer-centricity. You may have seen the announcement and unveiling of the beta version of the transformed UI/UX of the IRCTC website, for which we are trying to launch the full version very soon.

This has had some impact because, for the time being, we are removing marketing and advertising revenue from the website. However, we will reintroduce it in a non-invasive way. The first priority is to win the confidence of the customer and retain the confidence of our customers.

Regarding the agent business, we have seen that at 8:00 a.m., 10:00 a.m., and 11:00 a.m., many unauthorized, non-genuine, and spurious users try to clog the site. For this, in addition to employing Akamai, which handles bot mitigation and CDN delivery by offloading static content, and other agencies that try to ensure that these spurious users do not enter, we have built a system in which the time limit for agents' non-usage of the website has been increased from 15 minutes to 30 minutes. This has had an impact in one way.

Third is Rail Connect, as we have been discussing Rail Connect. The Rail Connect platform ends at IRCTC NGet. It provides comprehensive services for unreserved ticketing, reserved ticketing, and platform ticketing. Later, it will also include freight and parcel services.

There has been some diversion to Rail Connect. As I said, our primary focus is the customer. If a customer gets an opportunity through IRCTC Rail Connect or the website, it is one and the same thing for us because the transaction comes to IRCTC and the convenience remains unchanged. At the same time, this gives us the impetus and energy to focus on and improve our website as well.

Naveen - I-Thought PMS: Thank you. As a small follow-up to your answer, I observe that compared with our historical margins, when we were around the mid-80% range, we are now in the low-80% range. Would reinvestments into the business or the segment be one of the reasons for the margin decline?

Management: Could you please explain your question again?

Naveen - I-Thought PMS: I am referring to the historical EBIT margin of the internet ticketing segment, which was around 85% or 84%. We have seen a margin decline over the last few quarters, with the current quarter at 80%. I understand that there were some one-off items in the previous quarters, but is my understanding correct that we are investing back into the business and trying to improve our app and website? Is that why the margins have taken a hit, or is my understanding incorrect?

Management: There is something more to it that I would like to share. After 2014 and in 2018 and 2019, we tried to introduce certain improvements. There are two things we are trying to introduce. One is the NGet infrastructure refresh. NGet stands for Next Generation E-ticketing, which is the platform for IRCTC.

We are trying to upgrade its hardware, including storage, servers, and networking, as well as the software. As a result, we will increase capacity. As you have seen, we have reached around 37,000 tickets per minute. This may increase to more than 1 lakh tickets per minute. This is being done along with PRS modernization.

Around {? 150 crore ?} has been infused into this. Secondly, 10 crores were booked this quarter for maintenance charges related to this. Very soon, which will impact the second, third, or fourth quarter of this financial year, we will introduce disaster recovery.

We are trying to implement an active-active disaster recovery system because if the website is down, passengers have to face difficulties. We are very conscious of the fact that one or two minutes can become a golden hour for us. If we implement disaster recovery, most probably at Secunderabad, we will have to invest again. That investment is impacting our earnings.

Normally, the margin remains between 80% and 85%, so it is around 80% this time. These are some of the reasons I wanted to share with you. Thank you.

Naveen - I-Thought PMS: One more question before I rejoin the queue, sir. Within the catering segment, could you clarify our business model for Vande Bharat and similar trains? Is on-board catering done 100% by our staff, or is there potential for us to award contracts for it as well? I am trying to understand this incrementally, as many more premium trains such as Vande Bharat are being added. Will most of this business be reflected in our P&L, or will we award contracts? Thank you, sir.

Management: IRCTC's model is largely based on licensing. In Vande Bharat as well, we have empanelled service providers. We float a limited tender and award the catering service through that process.

In the future, you must have seen the shift from the chair-car Vande Bharat toward the Vande Bharat sleeper. This will help our revenue in ticketing as well as catering because the lead will increase and capacity will also increase.

In the chair-car Vande Bharat, there is also a trend of augmentation, and the number of coaches is increasing. However, all catering services in the 81 Vande Bharat trains are currently being handled by IRCTC.

Naveen - I-Thought PMS: Understood, sir. Thank you. I will rejoin the queue.

Management: Thank you.

Operator: Thank you. We have the next question from the line of Jignesh Joshi from PL Capital. Please go ahead.

Jignesh Joshi - PL Capital: Thank you for the opportunity. I have a question on the margins in the catering division, which were around 9%. In the opening commentary, I believe you mentioned that there were some transit catering projects that led to deterioration in margins. Could you clarify this aspect? I believe there was another reason that was highlighted, which I missed, so could you also touch upon that?

Secondly, from a future perspective, given that the share of prepaid trains is rising, and if my understanding is correct, we do not receive the ITC benefit on prepaid trains, which essentially means that our margins tend to be slightly lower, how should we think about the steady-state trajectory here?

Management: IRCTC is a Navratna PSU of Indian Railways, so we also have to align with the socio-economic fabric of the country. Regarding the GST aspect, you are correct.

If we consider GST and licensing for Vande Bharat, we are earning Rs.105 this quarter. However, if you consider the 5% GST, for which we cannot claim input tax credit, the Vande Bharat charge is Rs.222. We give Rs.222 to the licensee for arranging food and other services, out of which the GST is 5%, which we have to pay. That is around Rs.11.

We lose Rs.18 there, but as a combined licensing project, including GST, we earn around Rs.105. Vande Bharat trains have to be expanded. We will address this aspect, but at the same time, we cannot stop providing services. This is a small adverse step regarding GST, but overall, it increases revenue. Could you please repeat the remaining part of your question?

Jignesh Joshi – PL Capital: The reason why the margins were lower. You mentioned that there were some transit catering projects.

Management: Last year, in Q1 FY26, we did not have what you may have heard of as a Proof of Concept. We introduced the Proof of Concept in a few trains. At present, it covers five trains; at one point, there were six trains.

Under this Proof of Concept, we increased the amount paid to licensees at the cost of IRCTC, with a focus on the customer and treating it as an experiment. In this quarter, the impact of the Proof of Concept on six trains was more than 4 crores.

There were two more impacts on catering margins. The margin declined to 9.29% from 10.42% in FY26. One factor was that gratuity increased from 20 lakhs to 25 lakhs. In addition, HR costs of 10 crores were booked in this segment because catering accounts for around 54% of the company's total revenue.

This 10 crores includes the gratuity impact and post-retirement benefits for employees. This will not be repeated in the next quarter because it has already been accounted for. Therefore, the next quarter should be unaffected or protected from this aspect.

The Proof of Concept will gradually phase out. There are two trains that I think will conclude by September, and the remaining two trains will conclude by November. This will help. Traditionally, catering margins have been between 10% and 12%, and we will try to maintain that.

Considering the increase in the number of passengers and the increase in the number of trains, including the 20 trains we have improved, there has also been 8% year-on-year growth in passengers according to the Railways' figures. Thank you.

Jignesh Joshi – PL Capital: One follow-up on this, particularly regarding the 10 crores of HR cost impact in the catering division. Company-wide employee expenses increased by about 37% to around 104 crores in this quarter. In the opening commentary, you also mentioned incremental HR costs of around 20 crores. Could you summarize the total incremental impact for all the reasons you highlighted and explain how we should think about this cost on a steady-state basis going forward?

Management: As I said, this was a one-time item as far as HR costs were concerned. The HR cost impact was around 20 crores, which includes the increase in gratuity from 20 lakhs to 25 lakhs and certain post-retirement benefits that we have accounted for.

Of this 20 crores for the quarter, 10 crores was allocated to catering because catering accounts for 54% of revenue. This caused a slight setback to the catering profit margin.

Regarding the Proof of Concept, as I said, the impact of 4 crores will phase out because there are four trains in Q2 and two trains remaining in Q3. In Q4, there will be no trains under the Proof of Concept.

We may temporarily proceed with, or are considering, a concept that is at a very nascent stage and is difficult to comment on at this point: the engagement of branded players to improve catering and the introduction of capable, automated, and hygienic kitchens into the entire catering ecosystem.

Jignesh Joshi – PL Capital: One last question from my side. I believe election special revenue in this quarter was around 41 crores, if I heard you correctly. I wanted to understand whether the margins in our election special trains are similar to the margins we earn in the Rail Neer business, or whether they are higher or lower. How should we think about that? Were lower margins also one of the reasons our margins were impacted this quarter, in case they are lower?

Management: In election specials, everything depends on the elections. This time, elections took place in West Bengal, Tamil Nadu, Puducherry, and Kerala.

In election specials, we receive revenue from two sources: the FTR business and the catering business. The catering margin varies from 11% to 13%-14%, while FTR has a fixed 5% convenience fee. The ticket revenue goes to the Railways, and IRCTC charges 5% service charges to facilitate the service.

Therefore, election specials depend entirely on elections taking place in the country. We come into the picture to the extent of around 10%-12%, where the catering component is high.

Jignesh Joshi – PL Capital: Understood, sir. Thank you very much.

Management: Thank you. Thank you.

Operator: Thank you. A reminder to all participants: please restrict yourself to two questions. We have the next question from the line of Balaji Subramaniam from IIFL. Please go ahead.

Balaji Subramaniam – IIFL: Thank you for taking my question. Most of my questions have been answered. Just a quick housekeeping question: can you please share the number of tickets booked on your portal and app during this quarter? Thank you.

Management: As far as the daily average is concerned, 14.58 lakh tickets were booked. The total number of tickets booked during the quarter ending June 25 was 13.27 crores, with a breakdown of 6.92 crores from AC and 6.35 crores from non-AC. Our share in railway ticketing increased marginally from 88.78% to 88.92%.

Balaji Subramaniam - IIFL: Thank you, and all the best.

Management: Thank you. Thank you.

Operator: Thank you. We have the next question from the line of Madhu Chanda De from MC Pro. Please go ahead.

Madhu Chanda De - MC Pro: I have a clarification because I am not sure whether I heard correctly. Was your convenience fee for the quarter {? 348 crores ?} and non-convenience fee {? 113 crores ?}? Is that correct?

Management: Non-convenience fee was 113 crores and convenience fee was 248 crores.

Madhu Chanda De - MC Pro: Was the lower non-convenience fee also a reason for the lower margin this quarter? You explained that the revamp of some IT systems and other factors were among the reasons, but was the lower non-convenience fee also a factor? Is this likely to continue, or do you expect it to improve? One of the company's goals has been to increase non-convenience fee revenue. Could you please provide some insight?

Management: I will speak only about the non-convenience component. As I said, we also try to align ourselves with the socio-economic fabric of the country.

In marketing, there was a decline of around 3 crores, from 14.51 crores to 11.03 crores. As you have seen, our website is being transformed. The beta version was launched on July 15 with a new UX/UI interface. The beta version does not have any advertisements, CAPTCHA, or pop-ups.

We have restricted the agent business, and the agents will try to respond to that. The e-wallet loyalty program with four banks—HDFC, RBL, SBI, and Bank of Baroda—has grown by around 3 crores. iPay has been affected to some extent, but iPay will recover, as I said, because the plans for it are substantial.

These are all the spin-offs. We are trying to take advantage of our e-ticketing expertise. We have done this in the Chardham Heli Yatra, and we have signed agreements with UTLA, the Union Territory of Lakshadweep Administration, and with Andaman and Nicobar.

In areas where there is no element or component of the Railways, we are using our e-ticketing expertise to provide e-ticketing platforms. It is a known fact that the conventional spin-offs from the ticketing business, such as marketing and the agent business, are down. However, we will recover and try to compensate for this decline or bring these businesses back to normal.

There was also an expense of around 10 crores for website maintenance and investment in the website during this quarter.

Madhu Chanda De – MC Pro: So, can I say that it is a combination of investment and some one-off factors on the non-convenience side that led to the lower EBITDA margin of around 80.33%?

Management: Correct. It declined to 80.33% from 84.12%.

Madhu Chanda De – MC Pro: My second question is on the margin in the Rail Neer business, which has also declined. Was there any particular one-off item, or what was the reason? What is the sustainable margin in that business?

Management: In Rail Neer, as I have already explained, we have a certain number of plants and a production capacity of 18.4 lakh bottles, which has reduced to 17.77 lakh bottles following the closure of one plant. We are supplying 15.4 lakh bottles.

This year, the margin declined from 14% to 10% on a quarter-on-quarter basis, basically due to around a 30% decrease in the resin component? No, the resin—the cost of resin. Resin helps us in making preforms, caps, and shrink rolls. Due to the increase in petroleum product prices because of the West Asia crisis, the material cost increased from 55 crores to 61 crores. There was a dip of 6 crores.

You have seen that the margin declined from 15% to 11%. However, some profit increased from 106 crores to 109 crores, and after considering administrative costs, the profit decreased by a delta of only 4 crores. The basic reason was the West Asia crisis, which caused an increase in expenses and a reduction in margins. Thank you.

Operator: Thank you. We have the next question from the line of Kunal from PhillipCapital India. Please go ahead.

Kunal – PhillipCapital India: What portion of the contribution comes from OTA partners? Hello, am I audible?

Management: Good afternoon. Normally, in tourism, we have around 21 crores out of a total of 168 crores from various activities, including air ticketing, online hotel booking, online bus booking, and events. Therefore, you can say around 12%-13%. However, this also includes various customized holiday and educational packages. Purely from online hotels and ticketing, it would be around 5%-7%.

Kunal – PhillipCapital India: Quickly, regarding internet ticketing?

Management: In internet ticketing, of the total revenue, around 248 crores comes from a total company revenue of 1,370 crores. 248 divided by 1,370 is 18%. If we include convenience and non-convenience revenue, internet ticketing accounts for 26%. Purely internet ticketing, excluding convenience revenue, accounts for around 18%.

Kunal – PhillipCapital India: Thank you. Thanks a lot.

Management: Thank you. Thank you.

Operator: Thank you. We have the next question from the line of Kartik Gera from Multiply Wealth. Please go ahead.

Kartik Gera – Multiply Wealth: Thank you for the opportunity. I wanted to return to the non-convenience revenue of around 113 crores. What is the expectation, and what sort of run rate can we expect over the next couple of years on a quarterly basis for the non-convenience component? It used to be around 130-140 crores.

Management: As I said, there are certain things in the non-convenience component that we have to align with the socio-economic fabric. We have decided to improve the customer experience and make it seamless. At the same time, we are considering a unified portal for tourism and internet ticketing, where the interfaces meet at a common point and customers can be engaged or directed toward our various tourism services.

Tourism is going to grow significantly. It has grown from 745 crores to 890 crores, and next year it may cross 1,000 crores. For this unified portal, we are focusing on five main things: the UX/UI experience, scalability, technology, financials, and marketing. We need customer retention, engagement, and persuasiveness.

Through this, tourism will interface with the internet ticketing portion. This will be a segment that will form part of non-fare revenue and will offset the slight decline in other components.

Kartik Gera – Multiply Wealth: I understand that you are trying to make up for the lost revenue through higher revenue in the tourism segment. What I want to understand is whether 110-115 crores would be the usual run rate for the non-convenience segment from here onward.

Management: No, it will not remain at that level. As I said, iPay is also part of non-convenience revenue. Once IRCTC Payments Limited becomes operational, we have substantial growth plans. The e-wallet loyalty program is also increasing at a rate of more than 200%, and we have significant growth plans for it. Regarding the agent business, we are adjusting and modifying our association with the agents.

We will try to return to 150 crores in this segment as well.

Kartik Gera – Multiply Wealth: The second question is a bookkeeping question. What would be the share of UPI tickets?

Management: The share of UPI tickets is currently 51.22%, compared with 48.72% in Q1 of the quarter ending June 25.

Kartik Gera – Multiply Wealth: All right. That is all from my end. Thank you very much.

Management: Thank you. Thank you.

Operator: Thank you. We have the next question from the line of Mr. Naveen from I-Thought PMS. Please go ahead.

Naveen – I-Thought PMS: Thank you for taking my follow-up question. Am I audible?

Management: Yes, you are audible.

Naveen – I-Thought PMS: Thank you. I wanted some commentary on train additions. Could you comment on your visibility for upcoming train additions, especially in more lucrative areas in catering and in the higher-convenience target range, such as AC trains? How quickly can we expect this business to ramp up in these trains? Any visibility or expectations would be helpful.

Management: The introduction of new trains is a decision of the Ministry. However, whenever there is passenger growth, trains are normally introduced. There may be around 20 Vande Bharat sleeper trains introduced during this financial year or over the next year.

The licence fee from these trains can be calibrated at around 6 crores per train, amounting to 120 crores. This is one factor through which the number of trains will increase, and the licence fee, catering revenue, and top line will increase.

Second, passenger growth is also important. Passenger growth of 8% helps increase catering charges. We also have a press conference and media interaction at 5:00 p.m. Therefore, if the organizers can help us conclude the call quickly, that would be helpful. Thank you.

Naveen – I-Thought PMS: Thank you very much, sir.

Management: Thank you.

Operator: Thank you. We have the last question from the line of Ratan Jhunja from Kovalue. Please go ahead.

Ratan Jhunja – Kovalue: Thank you. I have only one question on internet ticketing. I have reviewed the last eight quarters, and revenue has not grown, while the number of trains has grown, UPI discounts have grown, and passenger growth is present. In fact, if I book a ticket for four people, the PNR-based charges are too low. The convenience fee has not increased for the last seven years despite inflation. What are we thinking about this, and how should we look at it?

Management: Good afternoon. As you said, an architect's dream is a civil designer's nightmare. We can aspire to many things, but we have to align with this.

Our convenience revenue has always grown. It also grew this quarter along with the number of passengers. However, as we said, we are charging Rs.15 and Rs.20, and Rs.10 and Rs.20 under UPI. This is one aspect.

Management: We also have to consider how to proceed. We have introduced UPI CC and CL, where there is a credit card and a credit line. Under these options, the convenience fee is not Rs.10 and Rs.20; it is Rs.15 and Rs.30. In this way, we are trying to address that aspect.

UPI has grown, and because it has grown, it is affecting your profits. This is one area that we have to consider. Convenience fees have always grown at around 5%-7%, and this year as well, they have grown by around 4.89% quarter-on-quarter.

Ratan Jhunja – Kovalue: But that is hardly the inflation rate. Passenger growth has been higher and inflation is present, but there has been no increase in internet ticketing revenue.

Management: We are talking about a marginal change. There is a margin of around 80%-85% in internet ticketing. Convenience fees sometimes depend on policy decisions. We cannot force an increase in the convenience fee, but we can make our point through various forums to seek an increase.

This is an area of concern for us, particularly with respect to enhancing convenience-based revenue. We will look into it.

Ratan Jhunja - Kovalue: Thank you very much, sir.

Operator: Thank you. Thank you. That was the last question. I now hand the conference over to IRCTC management for closing comments.

Management: I would now request our Director Catering Services, Mr. Manoj Kumar Verma, to give the vote of thanks.

Manoj Kumar Verma - Director Catering Services: Greetings to all of you. I am Manoj Kumar Verma, Director Catering Services, speaking from IRCTC. I thank all of you—investors, analysts, and my fellow officers—for joining the Q1 FY27 earnings call.

We are happy to inform you that our performance was strong during this quarter. Revenue from operations increased by 13.10% year-on-year to {? 1,137 crore ?}, and our PAT was 325 crores.

I am sincerely grateful to our investors for their continued trust and support. I also appreciate the hard work and dedication of the entire IRCTC team. We express our sincere gratitude on behalf of IRCTC for the continuous support and assistance that we have received from all of you.

We assure you that in the coming period, we will deliver better performance and continue to move forward. This is our commitment. Thank you very much.

Operator: Thank you. Thank you. On behalf of Dolat Capital, that concludes this conference. Thank you for joining us. You may now disconnect. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.