

CASE STUDY FOR APPRECIATION COURSE OF COMBINED CTIS
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Abstracts from Annual Report of Delhi Metro Rail Corporation 2017-18

During the year under review, the total revenue generated was ` 6,211.05 crore inclusive of income from Traffic Operations, Real Estate, Consultancy and External Projects as against ` 5,387.93 crore in the previous year. The total expenditure incurred in the same period was ` 4,375.34 crore giving a profit before Depreciation & Amortization Expenses, Finance Cost & Tax Expense amounting to ` 1,835.71 crore. After adjustment of Depreciation & Amortization Expenses and Finance Cost amounting to ` 1,718.19 crore and ` 262.50 crore respectively, a loss amounting to ` 144.98 crore was incurred during the year. Further, after taking impact of Tax Expense amounting to (-) ` 49.99 crore, there was a net loss of ` 94.99 crore. The Other Comprehensive Income (net of tax) during the year was ` 1.85 crore, thereby, the Total Comprehensive Loss for the year was ` 93.14 crore.

2 Under the business head 'Traffic Operations' ` 3,027.26 crore was earned during the year, against which expenditure incurred was ` 2,088.34 crore yielding an operating profit of ` 938.92 crore. As compared with the previous year, there is an increase in the revenue from Traffic Operations by an amount of ` 848.26 crore i.e. an increase of 38.93 %. During the year 2017-18 total ridership catered was 9,260.69 lakh and maximum ridership of 31.13 lakh for any single day was achieved on 08.08.2017.

3 In respect of business head 'Consultancy', the earnings was ` 32.85 crore as against ` 51.26 crore in the previous year. During the year, the Company executed the External Project Works of ` 2,331.02 crore as against ` 2,456.75 crore in the previous year.

4 During the year an amount of ` 315.50 crore was received from the Government of India (GoI) and Government of National Capital Territory of Delhi (GNCTD) towards equity. As on 31 March, 2018 paid up equity share capital of the Company was ` 19,323.98 crore.

5 Japan International Cooperation Agency (JICA) loan amounting to ` 3,170.43 crore was received during the year. Further, during the year repayment of JICA loan amounting to ` 442.66 crore and interest amounting to ` 355.18 crore has been made to GoI. Total repayment obligations of JICA loan up to the end of financial year 2017-18 aggregating to ` 4,568.63 crore have been duly met by the Company i.e. ` 1,949.78 crore and Rs ` 2,618.85 crore towards loan and interest respectively. As on 31 March 2018, total amount of JICA loan stood at ` 29,488.09 crore.

6 During the year the Company received grant of ` 190.91 crore from Ghaziabad Development Authority (GDA) for extension of Metro to Ghaziabad, ` 360.00 crore from HUDA for extension of Metro to Faridabad, Bahadurgarh & Ballabgarh, ` 146.23 crore from GOI for extension of Metro to Ballabgarh, Kalindikunj to Botanical Garden and ` 0.61 crore from Delhi International Airport Limited (DIAL) for Airport Express Line.

JR East

JR East was incorporated on 1 April 1987 after being spun off from the government-run Japanese National Railways (JNR). Following the breakup, JR East ran the operations on former JNR lines in the Greater Tokyo Area, the Tōhoku region, and surrounding areas. is the largest of the seven Japan Railways Group companies. For Mumbai- Ahmedabad High Speed Rail , it is JR East which is providing its Technical knowhow.

2. The Turnover of JR East in the year 2018 was ¥ 2.9 T as reported in the Annual Report . The break up of the revenue for year 2012 when the company earned total revenue of ¥ 2.5 T is as under-

| Head | Revenue (in Billion ¥) |
|------------------------|-------------------------|
| Transportation | 1705 |
| Retail and services | 396 |
| Real Estate and Hotels | 229 |
| Others | 200 |
| Total | 2532 |

3. Given on page below is the picture in Annual report on JR East to represent the importance of various business segments which shows that a Railway which operates world famous Shikansen Bullet Trains , how important rest of the streams are there -

The screenshot displays a page from the JR East Annual Report, divided into four quadrants representing different business segments. Each quadrant features a representative image, a title, a brief description of the segment's operations, and a list of main consolidated subsidiaries.

- Transportation:** The Transportation segment includes passenger transportation operations, which are centered on railway operations, as well as travel agency services, cleaning services, station operations, facilities maintenance operations, railcar manufacturing operations, and railcar maintenance operations. Main consolidated subsidiaries: Tokyo Monorail, JR Bus Kanto, JR East Environment Access, JR East Facility Management, Japan Transport Engineering Company, and JR East Rail Car Technology & Maintenance.
- Retail & Services:** The Retail & Services segment consists of the part of JR East's life-style service business that includes retail sales and restaurant operations, wholesale business, a truck transportation business, and advertising and publicity. Main consolidated subsidiaries: JR East Retail Net, Nippon Restaurant Enterprise, and East Japan Marketing & Communications.
- Real Estate & Hotels:** The Real Estate & Hotels segment consists of the part of JR East's life-style service business that includes shopping center operations, leasing of office buildings and other properties, and hotel operations. Main consolidated subsidiaries: LUMINE, JR East Urban Development, JR East Building, Nippon Hotel, and Sendai Terminal Building.
- Others:** The Others segment conducts the IT & Suica business, which includes credit card business, information processing, and certain other businesses. Main consolidated subsidiaries: Viewcard, JR East Information Systems, and JR East Mechatronics.

The page is viewed in Adobe Acrobat Reader DC, showing the document title 'JNR East Report.pdf (SECURED)' and various navigation and tool options.

Indian Railways

The Indian Railways operate the world's second largest rail network under a single management. The railways are running the transportation of goods and passengers. The major portion of the earnings for railways comes from the passenger and freight traffic. Freight transport is a major business for the railways and accounts for nearly 70 percent of its revenues. It is estimated that the railways meet approximately 35 percent of the nation's freight transport needs, a share that has been falling continuously over the past 70 years. The coal accounts bulk traffic carried. The Indian Railways play an equally important role in the transportation of passengers. It operates around 12000 passenger trains that transport more than 2.2 million passengers daily. The growth rate in terms of transportation output in passenger and freight segments has been increasing at a constant rate of 2.5-4.5% in physical terms. It is estimated that the railways have a share of 20 percent in the passenger transport market.

2. The table below is extract of Annual Report 2017-18 which indicates Freight and Passenger Business is as under-

Freight Operation

| | 2016-17 | 2017-18 |
|---|-------------|-------------|
| Revenue Originating Tonnes (million) | 1,106.15 | 1,159.55 |
| Revenue net Tonne Kms. (billion) | 620.18 | 692.92 |
| Goods Earning @ (₹ inCrore) | 1,02,027.82 | 1,13,523.53 |
| @Excluded 'other goods earnings' such as wharfage, demurrage,etc. | | |

Passenger Business

| | 2016-17 | 2017-18 |
|---------------------------------------|-----------|-----------|
| Number of Passenger Carried (million) | 8,116 | 8,286 |
| Passenger Kilometers (billion) | 1,150 | 1,178 |
| Passenger Earning (₹ inCrore) | 46,280.46 | 48,613.14 |

The Freight share of Indian Railways is as under-

| Class | Nos (In M(%) | Revenue Rs (%) |
|-----------------|----------------|-----------------|
| Upper | 159 (1.92) | 15930 (32.75) |
| Second Ordinary | 2072(25) | 5593(11.5) |
| Second M/E | 1390 (16.75) | 24315(49.9) |
| Sub- Urban | 4665 (56.3) | 2803(5.76) |
| Total | 8286 | 486 |

Revenue-earning freight traffic for major bulk commodities/ commodity groups in 2017-18 compared with 2016-17 was as follows:

| Sl.No. | Commodity/Commodity Group | Tonnes Originating (in million) | | Net Tonne Kilometer (in million) | |
|--|---|---------------------------------|----------------|----------------------------------|----------------|
| | | 2016-17 | 2017-18 | 2016-17 | 2017-18 |
| 1. | Coal | 532.83 | 555.20 | 2,49,615 | 2,76,692 |
| 2. | Raw material for steel plants except iron Ore | 22.75 | 23.77 | 12,461 | 14,102 |
| 3. | Pig Iron & finished steel | 52.41 | 54.36 | 44,027 | 49,048 |
| 4. | iron Ore | 137.55 | 139.80 | 39,743 | 43,807 |
| 5. | Cement | 103.29 | 112.96 | 54,600 | 63,954 |
| 6. | Foodgrain | 44.86 | 43.79 | 57,809 | 61,750 |
| 7. | Fertilizers | 48.34 | 48.53 | 39,217 | 42,035 |
| 8. | Mineral Oil (POL) | 42.42 | 43.11 | 28,518 | 29,519 |
| 9. | Container Services | 47.35 | 53.94 | 44,294 | 53,703 |
| 10. | Balance other goods | 74.35 | 84.09 | 49,891 | 58,306 |
| 11. | Total revenue earning traffic | 1,106.15 | 1,159.55 | 6,20,175 | 6,92,916 |
| \$ Excludes 'other goods earnings' such as wharfage, demurrage, etc. | | | | | |

Assignment-

Pl carry out detailed study of the systems which have been briefly touched upon in foregoing paragraphs including perusal of the Annual report and write up available on net and attempt an analysis of the contrasts and similarities in each Rail Transport network. Based on your research please attempt to give your own opinion and comments on the following in the space provided in the Moodle site (in not more than 50 words each)-

1. In JNR which segments of Rail Traffic earn profit ? is there any segment o traffic which has to be subsidized. (JNR has 6 Rail Companies plus Freight operating Company. Content on The entire network including JR East may be gone through before attempting))
2. What is the difference between the approach of IR and JR East as regards the methodology of exploitation of revenue accruing from catering/ real estate and other non fare streams?
3. Compare the suburban Traffic and revenue model of IR and DMRC with regard to volumes and earning per passenger ? What are the learning pints for IR? Is there any flip side to DMRC fare pricing model in your opinion?
4. In DMRC nearly 50% revenues come from Traffic Revenues. Where do the rest of the revenue come from ? How can IR exploit those avenues which have been done successfully by DMRC ?
5. What are the prime heads of expenditure in DMRC and IR. What strategy do you suggest to reduce staff cost component in IR?

JNR