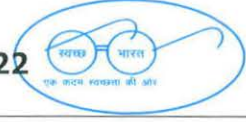


Ref: RailTel/Sectt/21/SE/S-16

Date: February 22, 2022



लिस्टिंग विभाग नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड 'एक्सचेंज प्लाजा', सी-1, ब्लॉक जी, बांद्रा - कुर्ला कॉम्प्लेक्स, बांद्रा (ई), मुंबई - 400 051 Listing Department, National Stock Exchange of India Limited 'Exchange Plaza', C-1, Block G, Bandra - Kurla Complex, Bandra (E), Mumbai - 400051	कॉर्पोरेट संबंध विभाग, बीएसई लिमिटेड, रोटुंडा बिल्डिंग, पी जे टावर्स, दलाल स्ट्रीट, किला, मुंबई - 400 001 Corporate Relationship Department, BSE Limited, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai - 400 001
Scrip Symbol- RAILTEL	Scrip Code- 543265

Sub: Outcome of Analyst/Investor Conference.

Dear Sir/Madam,

In reference to our previous communication dated 14th February, 2022 regarding Analyst/Investor Conference Call, we are forwarding herewith the transcript (duly signed by CIRO) of the Conference Call held on 16th February, 2022, organised by M/s. IDBI Capital Markets & Securities Limited.

2. This is submitted for your information and record.

धन्यवाद,

रेलटेल कॉर्पोरेशन ऑफ इंडिया लिमिटेड के लिए



J. S. Marwah
22/02/2022

जे. एस. मारवाह

कंपनी सचिव एव अनुपालन अधिकारी
सदस्यता संख्या – एफ सी एस 8075

संलग्न: ऊपरोक्त अनुसार

वितरण:- 1) सहायक कंपनी सचिव को फाइल में रखने हेतु।

2) सहायक महाप्रबंधक/पी.आर.ओ.को वेबसाइट पर अपलोड करने हेतु।

रेलटेल कॉर्पोरेशन ऑफ इंडिया लिमिटेड (भारत सरकार का उपक्रम)
RailTel Corporation of India Ltd. (A Government of India Undertaking)

CIN : L64202DL2000GOI107905

Registered & Corporate Office : Plate-A, 6th Floor, Office Block, Tower-2, East Kidwai Nagar, New Delhi - 110023
T : +91 11 22900600, F +91 11 22900699 | Website : www.railtelindia.com



“Railtel Corporation of India Limited Q3 FY-22 Earnings
Conference Call”

February 16, 2022



MANAGEMENT: SHRI PUNEET CHAWLA – CHAIRMAN & MANAGING
DIRECTOR
SHRI SANJAI KUMAR – DIRECTOR (NETWORK
PLANNING & MARKETING)
SHRI ANAND KUMAR SINGH – DIRECTOR (FINANCE) &
CFO

MODERATOR: MR. VISHAL PERIWAL – IDBI CAPITAL



*RailTel Corporation of India Limited
February 16, 2022*

Moderator:

Ladies and gentlemen, good day and welcome to the Railtel Corporation of India Limited Q3 FY22 Earnings Conference Call. This conference call may contain forward-looking statements about the Company, which are based on the beliefs, opinions and expectations of the Company as on date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict. 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. Vishal Periwal from IDBI Capital. Thank you and over to you, sir.

Vishal Periwal:

Good afternoon everyone. Thanks for taking time out for the post result Quarter 3 earnings call of RailTel Corporation. From the management side, we have Shri Sanjai Kumar – Director, Network Planning and Marketing and Shri Anand Kumar Singh – Director, Finance and CFO. As usual, we'll start the call with a brief overview from the Company and then we'll go in Q&A session. Sir, over to you.

Sanjai Kumar:

Very good afternoon to all. Myself Sanjai Kumar – Director, Network Planning and Marketing from RailTel side. It gives me great pleasure to interact with you on the Company's performance in the backdrop of Q3 Results for FY22, which was declared by the Company on 14th February, 2022.

The Company achieved consolidated total revenue of Rs. 474 crores for Q3 as against Rs. 381 crores in Q2 of FY21-22 registering the growth of 24% QoQ basis. Year-on-year growth, in total revenue, for the third quarter of FY22 has been 13% as compared to corresponding period of last year. For nine-month period, the Company registered the growth of 17% with total turnover of Company at Rs. 1140.28 crores as compared to Rs. 971.57 crores in the corresponding period last year. RailTel posted profit before tax amounting to Rs. 88 crores and profit after tax of Rs. 66 crores during the third quarter of Financial Year 2021-22 on consolidated basis.

Thus, for nine-month period, the Company earned profit before tax of Rs. 207 crores as compared to 156 crores in the corresponding period last year registering an increase of 33% compared to last year. Earnings per share has grown to Rs. 4.82 per share as compared to Rs. 3.59 per share during corresponding period last year and Rs. 4.44 for the full Financial Year of 2020-21. EBITDA for the Q3 FY22 is Rs. 126 crores and EBITDA margin is 26.58%. Margin, in the telecom segment, is lower in Q3 FY22 due to accounting of SLA of Rs. 32 crores in respect of NKN project, which was 10-year project. However, Company's overall EBITDA margin is intact at over 28% for nine-month period. There's no pressure on Company's healthy EBITDA margin for the remaining period of FY21-22. These results were achieved despite second wave of COVID in Q1 and Q2, the impact of which was felt in the Q3 also.





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Further shortage of semiconductor chip impacted the supply of equipment. I would like to share with you that Company has bagged the prestigious ICAI award for excellence in financial reporting for the Financial Year 2020-21 under Public Sector Entity category. The award was received by the Company at a function organized by ICAI on 9th February, 2022 at New Delhi. The award is a recognition of Company's financial reporting practices by the highest accounting body of the country that is The Institute of Chartered Accountants of India.

Right now, we have a very healthy order book of about Rs. 5400 crores plus, which will translate into revenue in coming quarters in phased manner. The Company is constantly expanding its existing business, and constantly exploring new areas and activities to widen its profile.

The Company has already entered into a new activity of installing state-of-the-art integrated tunnel communication system and recently achieved an order of Rs. 297.67 crores for installing such a system in Katra-Dharam-Banihal section of the ongoing crucial Jammu and Kashmir rail link. The technology to be used in installing this system will be first for Indian Railways and these projects are very crucial and essential for safety of train operations. The program of RailTel of providing free high-speed Wi-Fi facility at railway stations has now achieved a new landmark with more than 6095 plus railway stations under its coverage. As a part of a new Railway Display Network i.e., RDN project, the Company will install large format display screens at footoverbridges, platforms, waiting rooms and concourse at railway stations to provide the necessary information, social messages, and become a medium of enriched infotainment. We plan to float the tender by the end of this month. We have also refloated tender for Content on Demand i.e., COD project to provide preloaded multilingual content to passengers on their devices in mail/express/suburban trains. The tender is expected to be finalized in few months. Both RDN and COD have high revenue potential.

RailTel also recently implemented a web-based, multi-module, feature-rich, hospital management information system (HMIS) in all the 695 hospitals and health units of Indian Railways across the country giving a unique novel and improved experience of healthcare to hospital administration and patients. All the 695 hospitals and health centers of Indian Railways across the country have been successfully integrated with Ayushman Bharat Digital Mission also. RailTel also intends to play a significant role in modernizing train control system through execution of KAVACH that is train collision avoidance system, and implementing LTE based high-speed mobile communication corridor for Indian Railways. In the present Union Budget, the project of KAVACH has been sanctioned for 2000 kilometers.

Our retail broadband service i.e., RailWire has reached 4.6 plus lakh subscribers and we are targeting 5 lakh subscribers and more than Rs. 280 crore turnovers by end of March, 2022. In order to expand the reach of its RailWire services, MoU's are also being signed with state power transmission companies for utilizing their OFC network. We are going to create 102 edge data





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centers in different parts of the country jointly with private partners. We have floated EOI for selection of partner also. Scope of investment in this data center project is to the tune of Rs.500 plus crore. We are confident about continuing the momentum of profit and growth in future as well. We are committed to provide best services to all our stakeholders and will continue to expand, diversify and upgrade our profile.

The management humbly acknowledges the trust reposed by the investors in the Company and would like to assure you all that in spite of the challenges still being faced by the country in general and the economy in particular, the Company is and will continue to strive to achieve new benchmarks in the current financial year and years to come. Thank you very much.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nilesh Doshi from Prospero Tree. Please go ahead.

Nilesh Doshi: Good afternoon. Thank you for the opportunity. My question is related to the order book versus execution of the order. You mentioned that the Company has the order book of around Rs. 5400 crore. Execution level, in the first three quarters, is only Rs. 436 crore. So, within how many years, the Company is likely to complete that much order book or is Company in a position to take any fresh order at this level?

Sanjai Kumar: I'll answer your question. Actually, in this order book, there are orders ranging from two quarters, even a year, some projects are even three to four years because there are some projects, which are AMC (annual maintenance contract). There are some projects, which are execution projects where we need to deliver the project and then hand it over to the customer. So, these order books are not spread over some fixed period. They are spread over different periods depending upon the nature of the project. For example, there is one project, which is video surveillance system which will be installed at railway stations. So, this will take around two years. This project is roughly 700 crores and then its OPEX part will continue even further, another three, four years, five years after the project is executed. Likewise, there would be different types of projects having different periods of execution and then post execution AMC period will also be there. This is not the end of getting orders because we are continuously participating in tenders, getting orders from government and we are also having our own monetizing proposals like I told in my statement that we are going for 102 data centers, we are going to install, and EOI is already there. So, this is our own monetization project. This is not awarded by anybody to us. So, this type of activity will continue to be there.

Nilesh Doshi: It's nice that we have a very good order book, which provides the stability and sustainability of the business, but once our execution level is for us, it is 436 crores and suppose we end the year by Rs. 1000 crore also. Then also the current order book can be executed by roughly the average





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run rate. It is the five years order book, and in technology business, can we receive the order, which will be executed in the next five years, is it possible?

Sanjai Kumar: As I told you, there will be annual maintenance contracts also, which are of the long gestation period. There will be projects, which have longer gestation, longer period of execution. Like we have one order from Defense, which has five years maintenance contract. So, this will, of course, continue for five years.

Nilesh Doshi: What would be the average run rate, yearly it is 1000 crores, 1200 crores? What the Company is expecting to execute?

Sanjai Kumar: Last year, we made a revenue of approximately 1366 crores. This year, we are targeting to be around 1700. So, this growth will continue to be there. We are sure about it.

Nilesh Doshi: But does it mean that Rs. 5400 crore is including the telecom service also or it is only related to the project work.

Sanjai Kumar: It includes telecom services also.

Nilesh Doshi: So, for telecom business, can we expect Rs. 250 crore plus quarterly revenue run rate?

Sanjai Kumar: Telecom business segment will continue to be under pressure, not in absolute terms, but in percentage terms because most of the revenue in the future will of course be coming from project side and since we are in ICT category, there will always be telecom portion in most of the projects. So, there will be telecom portion in projects, but the revenue, per se, will not be growing that much, as it will grow in the project side.

Nilesh Doshi: Suppose there will be Rs. 2000 crore revenue, can we expect Rs. 1000-1000 crore from the telecom, as well as from the project in years to come?

Sanjai Kumar: No, I think telecom revenue will be, if you say of say 2000 crores, then telecom revenue can be say 800-900 crores.

Nilesh Doshi: Okay. Why there is so much volatility in the telecom margin business? In the opening number, I think you have mentioned that something Rs. 32 crore is provided for SLA. That we don't understand.

Sanjai Kumar: This was a 10 years project, which started on January 1st, 2010. So, over this 10-year period, this project concluded last year, 31st December, 2019 and then it was extended again. So, it became 11 years project. Actually, this SLA reconciliation was a huge activity because there were more





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than 1000 links. So, reconciliation took some time that is why this SLA has come as a single impact kind of on this thing, but this is not going to make impact and this is very rare, I would say. Our Director, Finance, will also throw light on this.

Anand Kumar Singh: The NKN project SLA, which we have adjusted, it was a 10-year project of 1000 plus crores. So, SLA of initial periods we have now adjusted once that contract was completed and a fresh agreement was executed. So, if we just take that portion out, we have a profit of 23% in the telecom business also, which in the second quarter was around 26%. So, the percentage of profit margin is being maintained, and I would like to add here one more thing. In this current quarter of Q3, we have accounted for electricity on an actual basis. What we were doing in the last two quarters was we were taking it on a provisional basis and adjusting it going forward. But in the third quarter, we decided to take up billing on actual basis. So, there is no provision, actual basis. So, electricity cost of 7 crores has been impacted in this quarter. That has also impacted the EBITDA to some extent, but going forward, now the electricity charges will be on actual basis, which will not be this high. It will be around 10 crores per quarter.

Sanjai Kumar: Regarding telecom revenue, I am very sure that telecom revenue margins will not be impacted. In fact, we have very healthy telecom margin and thereby we are compensating lower project margins in our projects.

Nilesh Doshi Suppose we exclude the Rs. 32 crore from the current quarter EBITDA and we add back. So, does it mean that the EBITDA margin was maintained around 23-24%? Is it right, my understanding?

Management: The telecom margin will continue. We have a guidance of 25-26% and we achieved 26% in Q2. If you take this out, we are achieving 23% in Q3.

Nilesh Doshi One last question. On ECL provisioning, last year we provided a certain ECL, which the three years older debt we have made a provision and now we are revert back. So, does it mean we are receiving the money or it's a management perception or management guidance that no more ECL provision is required or actual money is received from the outstanding debtor?

Anand Kumar Singh: It's both ways. We are receiving money and further we had done a provision on a very conservative basis in the previous financial year. We need to report the ECL also, but in a manner, which is rational. So, we have rationalized the calculation of ECL also and this is resulting in the write-back, but yes recovery is also on. We are recovering.

Nilesh Doshi: Why is there a huge Other Income in this quarter? What is the component of the Other Income?





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- Management:** It is because of the SLA, which we just talked about 32 crores. That 32 crores was in the debtors. It has come out of the debtors and it has come out from the turnover part, and it has gone to Other Income because it is a write-back of the ECL on it. This 32 crores was provided as ECL, full 100%. Now, since this SLA reconciliation has been done, it has been taken to the Other Income.
- Nilesh Doshi:** So, from next quarter onwards, there will be no margin shrinkage in telecom business, and there is no more Other Income like Rs. 32 crore. Am I right?
- Anand Kumar Singh:** Yes, you are right, 32 crores is not there. It will not come in the other quarter, but yes for the fourth quarter, since the 32 crores has impacted in Q3, there will be a slight impact on the telecom margin overall on a year-on-year basis. But going forward from FY23, things will normalize again.
- Moderator:** The next question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead.
- Sanjesh Jain:** Good afternoon sir. Thanks for taking my question. From my side, just a clarification of the Other Income, I did not understand what was in that. There was a 32 crores impact on the cost side and we have taken proportionate 32 crores benefit on the Other Income side. Was that you wanted to hint at?
- Anand Kumar Singh:** I'll explain this. 32 crores was as receivable in the books, and it was more than three years old. So, it was provided. 100% ECL was accounted on this. Now, in the Q3, this order was reconciled and 32 crores came out as SLA. With SLA, the revenue portion of the telecom business revenue of Q3 was reduced by 32 crores and the debtors also reduced by 32 crores. With the reduction in the debtors, the ECL provision reduced by 32 crores, which has been taken in the Other Income.
- Sanjesh Jain:** So, net-net from the cash flow perspective, there is no impact?
- Anand Kumar Singh:** No, there is no impact.
- Sanjesh Jain:** Basically we have taken a 32 crores lower revenue and we have taken a 32 crore higher Other Income. On an EBIDTA basis, there is no impact on the margin from this, right? My second question is on the cost inflation. There is a significant cost inflation in the employee cost this quarter, quarter-on-quarter. It has jumped up by more than probably 2x, if I am right, and then there is a cost inflation in the license fee and spectrum user charges, and then there is a significant inflation in the access charges. These revenues are predominantly linked to the telecom services where the revenue growth is only 10% while the growth in these cost line items was between





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15-26%. Can you explain why these costs, which are linked to the revenue, have such a high inflation?

Anand Kumar Singh: I had just said previously that there is an electricity cost, which has increased. We were providing for electricity cost on a provisional basis. I'll take my time to explain this to you. We used to consider the electricity charges of the last financial year and on the current financial year four quarters, we provided on provision basis. Now, provision in Q1, and in Q2, the actual bill of Q1 used to come, we used to account for that bill, reversal of provision or addition, and further provision. So, this used to give a reduction in provision or increase in provision, as the case may be. So, in September second quarter, we accounted for electricity only 3 crores because there was substantial reduction in the provision. We said that this spike doesn't meet the proper guidance. So, let us account for the electricity on actual. So, upon actual, the electricity charges for Q3 has come to 12 crores. So, you see that there is an impact of electricity charges as expense. This is one point.

Sanjesh Jain: Why does it come in employee cost or a license fee or license charges?

Anand Kumar Singh: No, no. I am talking about the electricity charges. Employee cost, we had paid hard and soft furnishing in Q3, around 1 crore was paid for hard and soft furnishing. This is a one-time expenditure. 1 crore was paid as ex gratia for the deputationist employees in Q3. This is also a one-time expenditure and the service tax on the SLA part has been expensed off. So, that is also a one-time expenditure.

Sanjesh Jain: We used to have 30 crores kind of a run rate. Suddenly, it has come at 50 odd crores. So, we are seeing about 20 crores difference quarter-on-quarter basis.

Anand Kumar Singh: Well, there is an increase of totalling 15 crores in Q3, total expenses, electricity charges, maintenance. Maintenance expenses have gone up. Another point to be stressed here is, we had done a major CAPEX three years back. That warranty period is over. We have to now enter into AMC. So, that AMC cost is now also factored in.

Sanjesh Jain: No, no. Why will it come in employee cost? We are talking about employee cost here, right?

Anand Kumar Singh: Employee cost, as I said, is basically only 4 crores increase in employee cost.

Sanjesh Jain: Let me come back on that number. Why there is a license fee, spectrum usage charges grown by 16% while the telecom revenue is up only 9%?

Anand Kumar Singh: The write-back, which has taken place, for that you are seeing a revenue reduction, but the license fee to DoT is paid on the actual revenue. So, that has been paid, but since the topline that





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is the revenue from telecom business has been reduced by 32 crores, you are finding this sort of so-called anomaly.

Sanjesh Jain: Got the point. Second thing, on the project execution side, now that you said that there was an issue with chipset availability and that has hampered execution of some of the projects. Is it fair to assume that Q4 will see a significant execution, and there will be a significant acceleration in the project revenue?

Sanjai Kumar: Regarding semiconductors availability and then related supply, situation is still not significantly improved, but we are expecting post this third wave that things will improve. So, certainly we'll come out of this, but this will take some time. So, to some extent, yes, Q4 is also expected to get impacted, but we expect that another six to nine months, this should be over.

Sanjesh Jain: Got it. If you follow up on the initial remarks sir that you made, first on the RDN and second on the Content On Delivery, on the Railway Display Network, and both together, when should they start contributing for us in terms of revenue and what could be the potential for that?

Anand Kumar Singh: So, if you talk of COD, this is a ten years venture and on an average, minimum, we expect roughly 600 crores over 10 years period in COD, more than 600. If you talk of RDN, there we are expecting somewhere around 1000 plus crores over 10 years.

Sanjesh Jain: When should this start reflecting in our P&L, from first quarter FY23 or more in the second half of 2023.

Sanjai Kumar: Yes, COD in Q1 of FY23 and RDN maybe Q2 or depends on the participation in the response. So, we are expecting to quickly finalize RDN also. RDN is likely to be floated soon. COD is under finalization. So, Q1 of FY23, we expect COD revenues to come.

Sanjesh Jain: Got it. And on the tower rollout and 4G, which Railways was planning for the high-speed data network, when is that project expected to start?

Sanjai Kumar: Tenders for modernizing train control, those have started basically coming in, and LTE, which you are talking about 4G and LTE, that is yet to get frozen. So, we are expecting that will come soon, but at least the modernization of signaling, that has been sanctioned for 2000 kilometers. So, we are expected to get pie for RailTel in this.

Sanjesh Jain: So that signal work will involve us also? What kind of role are we planning to play in the signaling part of it?





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- Sanjai Kumar:** See, signaling, basically in RailTel mostly we have qualified signal engineers. Most of us are IRSSE, Railway Service of Signal Engineer. We already have expertise and we being from Railways, no other than us can be better system integrator for doing these works.
- Sanjesh Jain:** So, we will be providing more of services in this case?
- Sanjai Kumar:** We will be executing in project mode. Basically, it will be kind of project mode only. We will be integrating with, coordinating, liaising with Railways, understanding technology and then tie-up with the OEM's. Kind of in the same manner as ICT project.
- Sanjesh Jain:** Fair enough sir. Just one small suggestion, since the IPO, we have seen too many accounting changes. We flip-flop a lot as in this time electricity, earlier ECL and then SLA. It will be very-very helpful if we have a very consistent and a conservative accounting system that will help us understand results better. Because of this volatility, I think, comparing on a quarter-on-a-quarter basis has become really difficult. That's a small request and if you can help us in making this, that will be very helpful.
- Anand Kumar Singh:** You have made a very valid point, but we are still one week away from the first anniversary of getting listed. So, we are in the process of streamlining everything so that going forward we have a very clean, clear and consistent reporting for the benefit of the shareholders and the stakeholders.
- Sanjesh Jain:** Fair enough sir. Completely appreciate that point.
- Anand Kumar Singh:** But with the changes in schedule, changes in the guidelines, changes in the Ind-AS as when it is, we have to apply it.
- Sanjesh Jain:** Sure sir, well taken. Thank you.
- Moderator:** Thank you. The next question is from the line of Dutta R., an individual investor. Please go ahead.
- Dutta R.:** Sir, I just wanted to know this Content On Demand, this project you said the revenue will be around 600 crores. Have you taken into consideration this 400 new trains, which were announced in this budget, the revenue addition considering this addition of 400 additional trains? New trains that Finance Minister announced the new Railway network, wherein there is addition.
- Anand Kumar Singh:** We have not taken into consideration those new trains, but once those trains are started then certainly we will take them also into the scope of this, but right now we have not done it.





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- Dutta R.:** Because those are long route trains.
- Anand Kumar Singh:** I understand. Because once they are operating, actually it is Railways who decides that these trains will be given to you. Once this project is commissioned, then of course, they will be given to us, but right now we have not taken into our consideration.
- Dutta R.:** Sir, one more thing, this Content On Demand project you have removed from your website quite silently, is there any particular reason it doesn't appear anymore on your website? There is a window of new projects on your website. Content On Demand was there conspicuously since IPO, but since last two months, it has been removed from the website, why is it so?
- Sanjai Kumar:** Content On Demand, this was already awarded to a Company, but then there was some failure on the account of that Company. So, we have terminated their contract and forfeited their bank guarantee also and now we are again coming with it . So, this was in operation for a year and a half.
- Dutta R.:** Since last two months, it does not appear anymore there on the website.
- Sanjai Kumar:** Because that project was not there. Now, once it is live, it will again be figuring on the website.
- Dutta R.:** Sir you said about 10 years project, you mean to say it will not continue after 10 years or the tenure of the tender contract will be 10 years?
- Sanjai Kumar:** Tenure of the contract will be 10 years and it has provision for extension or extension to the same partner or it can again be floated if the partner does not agree to our terms and conditions after 10 years. So, there is provision for, and the project will continue to be there with RailTel.
- Dutta R.:** Sir, because of your vast network of OFC cable all over the country, are there any feelers or any interest being evinced by the private parties to take advantage of your network?
- Anand Kumar Singh:** No, private parties, they are taking bandwidth from us, they are taking long lease lines, huge capacity bandwidth from us. So, that is the advantage they are taking. Are you talking of some other advantage?
- Moderator:** Sorry to interrupt, Mr. Dutta, but may we request you to please rejoin the queue. We have participants waiting for their turn.
- Dutta R.:** Considering the government thrust on this digital expansion of digital services, do you foresee more interest from the private parties for your network offer?





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- Sanjai Kumar:** As far as our business is concerned, private parties are taking services from us from this network. If you are talking of something else, as a Company, we are not aware of any other knowledge.
- Dutta R.:** I am asking your opinion as an expert in this field because of non-availability private parties cannot install such infrastructure on their own.
- Sanjai Kumar:** What I feel, railway operation being related to safety and security of the passengers, so the right of way along the railway track, I don't think will be given to any private party because it has the danger of basically putting the safety of the passengers into risk.
- Moderator:** Thank you. The next question is from the line of Dhvani Shah from Investec. Please go ahead.
- Dhvani Shah:** Thank you for giving me this opportunity. Just wanted two things. One was the breakup of the telecom services by NLD, ISP and ILD, if you can provide?
- Anand Kumar Singh:** I will provide you the figure for nine months. NLD is 330 crores, ISP is 261 crores, and IP-1 is 149 crores.
- Dhvani Shah:** Thank you. Also, can you provide us the Content On Demand contribution for last year and this year?
- Anand Kumar Singh:** Content On Demand contract got terminated in this financial year. In the first year, commitment of minimum guarantee of 63 crores was received by us. In this year, the contract has been terminated. I mean a part of this financial year, a part of the revenue when I say about 63 crores, part of that was spilled over to the current financial year and now we have refloated the tender. So, coming in FY23 first quarter onwards, we hope to start earning revenue from that COD.
- Moderator:** Thank you. The next question is from the line of Nilesh Doshi from Prospero Tree Capital Management. Please go ahead.
- Nilesh Doshi:** Thank you sir for providing one more time an opportunity to ask the question. What is the size of the AMC business in the total order book?
- Sanjai Kumar:** AMC size of the total order book would be to the tune of around 1500 to 2000 crores. We have not worked out in exact terms, but it would be somewhere in that range.
- Nilesh Doshi:** So, the word AMC means Annual Maintenance Contract, then Rs. 1500 crores order book has to be executed within one year?
- Sanjai Kumar:** No, I told you these are 4 to 5 to 6 years, even few of the projects are 8 years.





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- Nilesh Doshi:** So, 1500 crores is the AMC order book, which will be executed over a period of time, is it right sir?
- Sanjai Kumar:** Yes. 5400 crores order book is actually not stagnant. We are continuously adding to it. We are continuously getting orders, which you might be seeing on stock exchange notices also.
- Nilesh Doshi:** And sir, generally AMC business carries the higher margin, is it right for our business also?
- Anand Kumar Singh:** Certainly, better than project but not as good as Telecom.
- Nilesh Doshi:** Sir, you mentioned that the COD revenue potential is around Rs. 600 crore for 10 years. Does the COD provider provide any minimum guarantee that irrespective of the volume or usage, the Company will provide around Rs. 60 crore plus to RailTel?
- Sanjai Kumar:** That's what I told you, this is the minimum guarantee, which we are expecting. The bidder is expected to quote more than this. This is minimum. That will be, again, minimum guarantee and then over and above that, based on the actual utilization, there'll be revenue share also.
- Anand Kumar Singh:** So, just to add to what Sanjay Sir just said, I'll just give you the correct...63 crores is the minimum guarantee that has to be quoted for each year, minimum guarantee. So, over a period of 10 years, the total minimum guarantee is 630 crores. Beyond 63 crores, there is a table made for sharing of revenue that increases from say 20% to up to 45% of the revenue generated. So, when we are talking, we are talking about the minimum revenue that will come from this project, the maximum - sky is the limit.
- Nilesh Doshi:** So, the content will be provided by the bidders and network and other facilities will be provided by RailTel and so any CAPEX or OPEX will be incurred by RailTel, only the content will be provided by the bidder, am I right?
- Sanjai Kumar:** No, all the CAPEX will be done by the bidder who is coming on board. We will be providing the connectivity only. Entire setup is to be done by the bidder.
- Nilesh Doshi:** Sir, last question. Earlier, I think we had an agreement with ZEE or subsidiary of ZEE network and that agreement is terminated. Have they raised any objection because it is terminated by RailTel, have they raised any objection or any litigation is pending or now that chapter is permanently over and we can float the new tender from the new bidder?
- Anand Kumar Singh:** As far as our information goes, they are looking into some legal recourse because there's been a termination. So, obviously the other party has the right to look for legal recourse as per the contract conditions.





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- Sanjay Kumar:** But that will not affect our new tender because they had earlier approached Honorable High Court of Delhi against the termination of this contract, which was quashed by the Honorable High Court of Delhi. So, there is no doubt about this new tender, this is nowhere in doubt.
- Nilesh Doshi:** So, when the tender will be allotted to any eligible party, can we expect in Q4?
- Sanjai Kumar:** We are expecting it to be finalized in Q1 of 2023.
- Nilesh Doshi:** Okay sir. Thank you very much and best of luck to Company and everybody.
- Moderator:** Thank you. The next question is from the line of Vishal Periwal from IDBI Capital. Please go ahead.
- Vishal Periwal:** Thanks for the opportunity. Sir, I think you just briefly touched that the orders that we are receiving earlier mentioned in exchanges, so will it be possible to share? Is there any other order that we have received, which is not part of the total order info that we have received in this quarter and nine months?
- Sanjai Kumar:** We have included all the orders in whatever figures I have shared, so there is nothing new. But yeah, there are orders in pipeline, which might be received and will be of course displayed on the notice board of the stock exchange.
- Anand Kumar Singh:** The information on orders received had been shared with the stock exchanges and has been considered in our order book.
- Vishal Periwal:** Okay, fine sir. We will calculate from there. And second on ARPU, can you share what is the Q3 number for that in...
- Anand Kumar Singh:** It's around Rs, 500 only. There is no significant change in ARPU.
- Sanjai Kumar:** You are interested in figures? The RailWire revenue till Q3 is 217 crores. These RailWire subscribers are 4.34 as on 31st December. So, you will see the ARPU is around 500.
- Vishal Periwal:** Ok sure sir. That's helpful. And next, in Telecom, this is more like a generic question, in Voice side, we have seen a tariff increase by Telecom players, so in the services that we provide, are we seeing any uptick in terms of ARPU or probably tariff revision on a higher side?
- Sanjai Kumar:** No, actually you are right that telecom service providers, they have at least now come out of that rat race of reducing the tariffs. So, as far as impact on RailTel is concerned, there will be slightly





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relaxation basically on southward pressure on our prices, but it will have only marginal impact. As far as data is concerned, I don't think any significant change is going to be there.

Vishal Periwal: Okay, but is there any lease-lag impact or in the sense Telecom player in the Voice have increased, and then later on it happens in data?

Sanjai Kumar: Most of the telecom service providers, today, have their own network. They are hardly dependent on others, and wherever they are dependent on us, where they have no connectivity at all, like remote and rural areas, so we never give them any leeway in those areas because they are completely dependent on us, and it is supply and demand. So, there will be no impact. Wherever they have taken capacities from us, they will continue to be at the same rates.

Vishal Periwal: Okay, and you briefly touched upon this modern train control system. There was announcement in the budget of Kavach also which you mentioned, so this 2000 km, what is the size of this order in crores? Or probably project I will say.

Anand Kumar Singh: This is actually only announced in the Parliament, but it is yet to be passed, but yes you are right. So, this will be around Rs. 24-25 lakh per km, this is just an estimate. There is no confirmed figure. Once it is passed by the Parliament, then only we can comment on that.

Vishal Periwal: Okay, and again in the sense when you are mentioning this 24-25 lakh, so this includes the technology and everything or signaling part will be different where we have a forte, how exactly the structure will be?

Anand Kumar Singh: No, this is complete trackside equipment cost. In addition to that, there will be cab equipment also that I have not included because once the Parliament clears this proposal, then we will know how many trains they are going to implement this, and how many engines and cabs they are going to implement. So, then only sizing will be done.

Vishal Periwal: And sir earlier we have briefly mentioned there is a pilot work, which is going on for this modern train control system and the technology part is yet to be decided, so is that thing frozen?

Sanjai Kumar: Yes, this is the one.

Vishal Periwal: Okay, so the technology part is frozen and now we are moving in an implementation phase of it? And since this still is in terms of tender activity, I think in PSU earlier there was a norm within PSU, the awarding has to happen, but now it is open, so any player, like private, public any player can come and participate in this opportunity.

Sanjai Kumar: Yes, that is true.





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- Vishal Periwal:** Okay, and last thing from my side, sir. This is again generic, since the country is moving in 5G side, there will be a CAPEX rollout, so what will be our role and how can we benefit out of this opportunity?
- Sanjai Kumar:** 5G is very industry-specific technology. So post 5G IoT driven mechanisms will come into place, which is yet to be seen in India. So, of course, RailTel will get benefited by getting IoT based projects. As far as 5G is concerned, RailTel's investment won't be there.
- Vishal Periwal:** Okay. I think that's all from my side. Thanks for taking my question.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Vishal Periwal for closing comments.
- Vishal Periwal:** I like to thank the RailTel Management for giving us the opportunity to host the call and also thank especially Anil Kumar Saxena Ji, Advisor, Media RailTel, for this call and I will hand over the call over to Rituja now or sir any closing comments from your side.
- Sanjai Kumar:** Thank you very much to all our stakeholders to spare their time to attend this call. Thank you.
- Moderator:** Thank you. On behalf of RailTel Corporation that concludes this conference. Thank you for joining us and you may now disconnect your lines.



Handwritten signature and date:
22/2/2022