लिस्टिंग विभाग	कॉर्पोरेट संबंध विभाग,
नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड	बीएसई लिमिटेड, रोटुंडा बिल्डिंग,
'एक्सचेंज प्लाजा', सी-1, ब्लॉक जी,	पी जे टावर्स, दलाल स्ट्रीट, किला,
बांद्रा - कुर्ला कॉम्प्लेक्स, बांद्रा (ई),	मुंबई - 400 001
मुंबई - 400 051	
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Scrip Symbol- RAILTEL	**Scrip Code- 543265**

Sub: Outcome of Analyst/Investor Conference Call held on Monday, 14th November, 2022.
Ref: Our Letter of Even no. dated 11th November, 2022 and 14th November, 2022.

Dear Sir/Madam,

In reference to our previous communication dated 11th November, 2022 regarding Analyst/Investor Conference Call, we are forwarding herewith the transcript (duly signed by CIRO) of the Analyst/Investor Conference Call held on Monday, 14th November, 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

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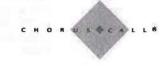   2) सहायक महाप्रबंधक/पी.आर.ओ.को वेबसाइट पर अपलोड करने हेतु।

"RailTel Corporation Limited
Q2 FY 23 Earnings Conference Call"

November 14, 2022

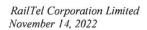| MANAGEMENT:	MR. SANJAI KUMAR - CHAIRMAN AND MANAGING DIRECTOR & DIRECTOR (PROJECT, OPERATIONS & MAINTENANCE-POM) (ADDITIONAL CHARGE) MR. V. RAMA MANOHARA RAO - DIRECTOR FINANCE.
MODERATOR:	MR. VISHAL PERIWAL - IDBI CAPITAL

Moderator:	Ladies and gentlemen, good day and welcome to The RailTel Corporation Q2 FY23 Post Results conference call. 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 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:	Yes. Thanks, Lizann. And good afternoon, everyone. First of all, I like to thanks the management of RailTel for giving us this opportunity to host their call. And for today's call from RailTel Corporation of India, we have with us Sri. Sanjai Kumar, Chairman and Managing Director and RCL that is of RailTel and our Director Projects Operation Marketing Maintenance and also RCL Additional Charge; and also, we have Sri. V Rama Manohara Rao, a Director Finance, RCL that is RailTel Corporation of India. So, as usual, we'll have a brief from the management and then we'll have lines open for Q-and-A. Yes, sir. Over to you.
Sanjai Kumar:	A very good morning to all. It gives me great pleasure to interact with you in the backdrop of Q2 results for FY2022-'23 of RailTel. With a limited review by statutory auditors, which was declared by the company on 10th of November, 2022. RailTel has achieved a consolidated revenue from operations of INR 429 crore for Q2 as against INR 377 crore in the Q1, recording a growth of 14% on Q-on-Q basis. The consolidated revenues from operations for H1 of '22-'23 stood at INR 806 crore against INR 666 crore in H1 of '21-'22. Registering a growth of 21%.
	Telecom business contributed turnover of INR 295 crore in Q2 as against INR 274 crore in Q1, registering a sequential growth of 8%. Project business contributed turnover of INR 134 crore in Q2 as against INR 103 crore in Q1 registering a sequential growth of 30%. Total income stood at INR 440 crore in Q2 against INR 385 crore in Q1 registering a sequential growth of 14%.
	RailTel posted PBT of INR 74 crore in Q2 of FY23 as compared to INR 35 crore in Q1 recording a growth of 111% on Q-on-Q basis. RailTel posted PAT of INR 55 crore in Q2 of FY23 as compared INR 26 crore in Q1 of FY22 recording a growth of 112% on Q-on-Q basis. There has been improvement in profitability of Telecom business in '22-'23. Profitability of Project business has been slightly under strain during the quarter, due to various reasons, but the company is confident of achieving overall profitability in line of financial year '21-'22.
	EBITDA is INR 111 crore for Q2 of FY23 as against INR 74 crore in Q1. EBITDA margin is 25% in Q2 against 19% in Q1. The EBITDA margin for RailTel has been in the order of 25% to 27%. The robust order book of about INR 4,500 crore and continued participation of RailTel in high ticket tenders, we are confident about continuing the momentum of profit and growth in future.
	The company is focusing on solidifying its existing footholds in sector like railway, coal, banking, defense, as well as exploring new ones like health, education, etc.. In the second quarter of FY23, your company has maintained the momentum of bagging new orders in different sectors, and has secured orders of about INR 800 plus crore in the H1 of this financial year.
	RailTel will continue to expand its SoC network through collaborations and partnerships to make deep inroad within the state. We are committed to provide best services to all our stakeholders and will continue to expand, diversify, and upgrade our portfolio of products and services. The company is actively working towards successful execution of video surveillance

system of Indian railways project and a major part of Nirbhaya work under this project shall be expected to be completed during the current financial year.

The management humbly acknowledges, the trust reposed by the investors in the company and would like to assure you all that despite challenges, the company is and will continue to strive to achieve new benchmark in the current financial years and the years to come. Thank you.

Moderator:	Thank you. The first question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead.
Sanjesh Jain:	I got a few questions. First on the order book size, I guess, in the opening remark, we mentioned that the order book stands at INR 4,500 crore, while the same number last quarter was INR 5,800 crore. Is there any large project slip from this particular order book, or is there any change in the order book recognition?
Sanjai Kumar:	Yes, Sanjesh. Actually, we carried out very major corrective exercise. So, the actual order book as on date, we have worked it out to be INR 4,500 plus crore only, it was being maintained at INR 5,800 plus crore for quite some. So, then we got it corrected. It was mistake on RailTel's management part. I really feel sorry for this.
Sanjesh Jain:	Thanks sir. Thanks for that clarification. Second of, can you give the breakup of this INR 4,500 crore of order book, what are the major project which constitutes this INR 4,500 crore order book?
Sanjai Kumar:	Yes. If we talk about INR 4,500 crore roughly around -- if we talk off railway and non-railway, so roughly around INR 2,000 crore was from railway and INR 2,500 crore from non-railway, which includes, defense, coal, if we talk of non-railway, majority are from defense and coal. And few new orders we have got from smart city as well for, there are few orders for state government as well.
Sanjesh Jain:	Okay. State government. Got it. Second on the Telecom services, EBIT margin, which has come in at 27.5%, and last year also Q2 had a very high EBIT margin, and over a period it normalized. So, is there any seasonality in the Q2 which makes this margin go up, or do you think the margins at the higher level can be sustained in FY23? So, for the full year, how should we look at Telecom services margin?
Sanjai Kumar:	Telecom services margin, this is a seasonality because of our invoicing pattern, because somewhere it is annual, somewhere it is quarterly. So, I agree with you, this is seasonality. But otherwise, overall Telecom margin has always been 30 plus percent EBITDA margin.
Sanjesh Jain:	So, how should we look for this entire year FY23 in this back drop? We will be able to make 25%?
Sanjai Kumar:	This will continue to be there on an average on annual basis.
Sanjesh Jain:	Okay. So, we'll continue to do 27%, 27.5% kind of EBIT margin.
Sanjai Kumar:	Yes. (EBITDA margin-not audible)
Sanjesh Jain:	Okay. Great. Second on this project margin. Sir, did tell in the opening remark that we had certain challenges and hence margins were lower for this quarter. Can you help us understand what were the challenges? One we called out last quarter, was a difference project. I thought we said that that is over. Is there any other challenge that we are looking at the margins?
Sanjai Kumar:	Chipset is getting marginalized by and by, but still, challenges continue to be there. But we hope that by Q4 this year we'll be substantially comfortable, I would say.
Sanjesh Jain:	So, we'll go back to the 7%, 8% EBIT margin again in the Q4?

Sanjai Kumar:	Yes. There are certain abrasions, if you see at quarterly results, Q2 sometimes expenditure getting booked in a quarter and corresponding revenues coming in some other quarter because of milestone achievement and all that. So that might give some aberrated results. But overall, an annual basis, since we are a small company of a number, even a smaller difference makes numbers on quarterly is a small period of a quarter. It sometimes gives not the true picture.
Sanjesh Jain:	Got it. Sir, my next question is on the tenders, which we were supposed to close. One was COD, the second was RDN, three is Tower and Edge Data Center. Can you help us understand where are in the process for all these 4 project, in terms of issuing the tender?
Sanjai Kumar:	COD, we are getting engaged with the consultant. So, that we can reassess the monetization potential. Post launch of like popularity of OTT, the COD seems to be now bundled with the different kind of potential. So, for that, we are engaging with the consultant. RDN, the proposal is under final stage of evaluation. So, we might be maybe in quarter 3 we might be coming with the results from RDN. Tower tender is also -- is already floated and we may be getting this also submitted somewhere in this month or maybe maximum first week of December. And at Data Center also the same thing.
Sanjesh Jain:	Okay. One last question from my side. Last quarter we gave a guidance of 20% revenue growth and 20% EBITDA growth for FY23. In first half, I think revenue, we are there about, but in terms of EBITDA growth, there is a significant gap. Do you think achieving this 20% EBITDA this year will be challenging? And how should one look at for FY24 as such?
Sanjai Kumar:	I don't see any challenge in maintaining EBITDA growth.
Sanjesh Jain:	Of 20%?
Sanjai Kumar:	And for maintaining that we are actually now adding to our portfolio some consultancy projects also where execution is not with us, but we would be consulting our purchaser, customer on basically on execution of their project by some third party. And we will be helping them in DPR preparation, finalizing their tender and all. So those kind of projects will help us in sustaining EBITDA margin, EBITDA growth.
Moderator:	The next question is from the line of Venkatesh Subramanian from Logic Tree Investment Advisors Pvt. Ltd., please go ahead.
V. Subramanian:	I have two questions, sir. First question is on the Data Center business, during our past interactions, you mentioned that this is a big area of opportunity. So, could you throw some light if there are any updates on that? And I'm trying to figure out if Data Center business on its own, how significant can this be to our business, let's say over the next two, three years? And second is on the, KAVACH anti-collision projects. I know that it's a little bit of a time away. Is there an update? And if you could just throw some light on that?
Sanjai Kumar:	So, if you talk of Data Center business first, there are two aspects to it. One is Data Center services being provided by RailTel itself. That would be one. And the other would be we help our customers building their data centers. So that comes as a project business to us. And yes, so Data Center of RailTel its own, there is growth and we are coming up with another partnership model with the investment coming from private industry, while we plan to set up around 100 plus edge data centers close to the users. So, from there we expect good revenue numbers are expected to come. We are expecting bids to be submitted somewhere around early next month, as I told you, during -- while I was answering the question from the last investor.

The second would be the Data Center business, data center establishment for the customers. So, there is traction on this part also, which is coming as a project business. So, we see good amount of business revenues coming from both the streams. And there is huge demand in data center requirements, from government organizations, including PSGs. |

V. Subramanian:	Any numbers, sir, which is like, I'm asking, especially on the second part, where you work in tandem with private people who want to use RailTel's, capability, size of the opportunity. Just for example, can say the data center be a INR 500 crore or a INR 1,000 crore business, say over the next few years? Something like that, some sort of color on it.
Sanjai Kumar:	So, this first year, see, first year will be in setting up of like maybe six months or so, will be in setting up of data centers in those areas because mostly these are the Tier 2 and Tier 3 towns. So, certainly it'll take some time, big time because you need power connections, you need other environmental things to be in place, including infrastructure, passive infrastructure to be in place. Post that, will be 2024, financial 2024, we may be having, as a shared, we may be having somewhere around a revenue of to begin with 50 Cr or something. But this will grow fast because your OTT players and even the big port, like Google, Facebook, they are also willing to come close to the customer so that the user experience increases. They want to set up their content boxes close to the users. So that kind of growth we are seeing and we are very small part of this industry. Data center requirement in the industry is going at phenomenal rate. Certainly, we will have a niche by and we are sure that we will get that.

Second on KAVACH. So, KAVACH few tenders were floated recently, and RailTel chose not to participate in those tenders. The reason being the KAVACH as a product, is still not mature and the OEMs are also still basically in the POC stage. So we are, basically, looking at good partner with a maturing product and there is huge opportunity, roughly not less than, this KAVACH opportunity itself is around INR 30,000 crore PAN India. And we are sure that we will have our own pie and we have started making a strategy for the same. |
V. Subramanian:	Okay. So, but KAVACH, for us to have a realistic idea on the project details and where probably next financial year would be the right time to talk about it, sir?
Sanjai Kumar:	Yes.
V. Subramanian:	Sir, supplementary question on carrying on from what Sanjesh said, you had guided for 20% growth. If we take say three-year view '24, '25, '26, is it reasonable to expect a 20% CAGR based on your internal blueprint, can investors expect?
Sanjai Kumar:	I see no challenge.
Moderator:	The next question is from the line of Viraj Mithani from Jupiter Finance. Please go ahead.
Viraj Mithani:	My question is on recent this thing with, NMDC we had done some sort of order from NMDC. Could you explain the kind of order we have got and what are the further possibilities of this order would be in future for other PSU as well?
Sanjai Kumar:	Yes. NMDC we have a very broad kind of MOU, so we likely to play three types of roles with them. One would be we may be providing consultancy in many of their IT applications, implementation. The other could be we ourselves executing projects for them. And the third would be providing services in the same because there are many mining sites which needs to be connected for them. So, there'll be digital transformation objective of NMDC, where RailTel would be fitting in from both angles. As far as the numbers is concerned this year, I would say this year or maybe early next year, we should be getting somewhere around INR 200 crore value of business from them.
Viraj Mithani:	And so, what are the margins would be in this kind of businesses we have?
Sanjai Kumar:	See Project business margins are somewhere around 8% to 10%, I still maintain the same number.
Viraj Mithani:	EBITDA margins, right?
Sanjai Kumar:	Yes. For project.

Viraj Mithani:	And sir, how big this -- is this fully incremental size, like say INR 200 crore can become INR 300 crore next year, INR 400 crore after 3, 4 years?
Sanjai Kumar:	Yes. Certainly, NMDC is a kind of organization is, they have lot of requirement and the digital transformation is the only way for such kind of organization to remain in the business. RailTel will be helping them and the numbers would be growing.
Viraj Mithani:	And is it applicable for other pieces as well, like the GMDC, Coal India, we have got any feeders from that as well? If you can give some color on.
Sanjai Kumar:	Yes. We are approaching other PSUs also, but nothing in the visibility, but we are already there with coal doing similar, basically providing similar services and doing similar projects for them.
Viraj Mithani:	My last question is what will be our cash, our own cash on the books would be?
Sanjai Kumar:	Our mentioned cash would be somewhere around -- my director finance will tell the number. So, presently it is somewhere around INR 470 crore.
Moderator:	The next question is from Dixit Doshi from Whitestone Financial Advisors. Please go ahead.
Dixit Doshi:	I have three questions. Firstly, on the RDN project. So, you mentioned that, we have already received the bids last quarter and it's under final evaluation, and you may announce the winner this quarter. So, is it fair to assume that the, -- so it a 10-year stage payments, we would be getting. So, is it fair to assume that from FY24 onwards we will start getting the stage payments?
Sanjai Kumar:	Yes.
Dixit Doshi:	Okay. My second question is on the project execution -- Project business. So, what kind of execution we expect this year and next year given we have almost INR 4,500 crore order work?
Sanjai Kumar:	So, this year if see execution, we would be doing somewhere around INR 1000 crore, whole FY23. And next year, certainly it'll be in the range of INR 1500 crore also.
Dixit Doshi:	Okay. And last question is on the KAVACH. So, you mentioned that we'll be looking for partnerships. So, just for my understanding, so there are only three OEMs approved by the railway, HBL Power, Fernex and one more. So, we will -- we must be partnering with them. So, what basically service we will give and because they are the equipment manufacturers, so what service we will provide to them?
Sanjai Kumar:	KAVACH as project has many elements in this and these three are already RDSO approved, but a few others, they have also applied, they are like for, RDSO approval. And if we talk off elements, one is the KAVACH, the other is LTE also needs to be basically installed all along the class to make this happen and RailTel having already existing optical fiber network along that thread. So RailTel becomes the default communication provider for be it LTE or KAVACH because train radio communication has to happen. So, for that purpose, we see that RailTel is positioned at the most suitable integrator for this project. And that's why we are sure that once the project is the -- the product is getting matured, we will be the natural service provider for installing this, for executing this project.
Dixit Doshi:	And these three agencies are -- these three OEMs are already executing the orders. So, currently they must be having partnership with someone else?
Sanjai Kumar:	No, just a minute. These tenders are under award, right? So, execution, I don't think is yet started. So once this execution starts, they will require communication needs. Those will certainly come from RailTel. Nobody else is going to provide. And yes, so that part of course RailTel, none other than RailTel is going to play.

Dixit Doshi:	Okay. And when you say that it's a INR 30,000 crore INR 40,000 crore opportunity KAVACH, so how much would be our addressable market?
Sanjai Kumar:	I see somewhere around minimum 25% of this market coming to RailTel. In addition to those communication needs also. That is going to come from RailTel only.
Moderator:	The next question is from the line of Pratap Maliwal from Mount Infra Finance Private Limited. Please go ahead.
Pratap Maliwal:	So, regarding the Projects business, as you said, we are expecting about INR 1000 crore of revenue this year. So, in H1, we've done about INR 237 crore till now. So, we'll have to essentially more than double, almost triple the quarterly revenue run rate to reach the INR 1000 crore mark. So, are we confident of -- how confident are we achieving that kind of revenue growth now and then coming to quarter?
Sanjai Kumar:	We are confident. See this project, generally, this has been seasonality again, Q3 and Q4 we make most of the numbers in projects. And the orders we get Q4, maybe they start getting warming up. And then, Q3, Q4 we get better numbers. So, I'm sure that we'll get this number.
Pratap Maliwal:	Now, the VSS project, I believe we were about to -- we were expecting around INR 300 crore for the year. So how much of that revenue have we been booked so far?
Sanjai Kumar:	No, we have not booked, we will be booking this revenue in mostly in Q4.
Pratap Maliwal:	The entire INR 300 crore?
Sanjai Kumar:	This maybe slightly here or there, but yes, close to that.
Pratap Maliwal:	Now, so as you said, the order book breakup, the INR 2,500 crore from mainly defense and co-related work. So, in the past, the defense related project was at a 4% margin, I believe. So, is it the same margin profile?
Sanjai Kumar:	No, actually, you are talking of some specific project where the margin -- the margins we see when we see the competition, the kind of intensity of competition, we have to select the margin. In one project I know margin is very less, but otherwise it is maintained in 8% to 10%.
Pratap Maliwal:	Okay. And just on the RailWire business, could you please give us an update on the subscriber number and the ARPU that we have so far?
Sanjai Kumar:	ARPU is almost there itself, INR 550 to INR 600 and numbers we are now 5 lakh and we expect to reach 6 lakh by the end of this financial year.
Moderator:	The next question is from the line of Niraj Kamtekar from Prospero Tree. Please go ahead.
Niraj Kamtekar:	Sir, what is the ECL provision for Q1 and Q2?
Sanjai Kumar:	ECL provision for Q1 was INR 9 crore and Q2 is INR 8 crore.
Niraj Kamtekar:	INR 9 crore and INR 8 crore?
Sanjai Kumar:	Yes.
Niraj Kamtekar:	Okay. And why there is non-linearity in Project business?
Sanjai Kumar:	See, Project business, non-linearity is a very natural thing because the project execution is not happening in single sector. And the type of project is also different. Somewhere it is signaling project, somewhere it is IT, somewhere it is application and the supply chain of every sector is different. So sometimes it seems to be visible as a non-linear, but overall basis if you see on annual level, if you see at the end of the Q4, you will find that.

Niraj Kamtekar:	Sir, actually I'm talking about margin. Project margin business.
Sanjai Kumar:	Margin business, I don't think there is non-linearity. Depending upon competition, we have to choose margins. Sometimes it is 15% also, sometimes it is 8%, sometimes it's 6%. And we have gone up to even 4% also in one project, which is with somebody as some last speaker also spoke about. So non-linearity in margins, depending upon the -- it is driven by the competition.
Niraj Kamtekar:	Okay. So, from Q4 onwards we are expecting 7% to 8% margin, right, from Project?
Sanjai Kumar:	On an average. All projects put together.
Niraj Kamtekar:	Okay. And what is the current status of COD?
Sanjai Kumar:	COD, I already updated that COD, we are reassessing the monetization potential, and we are engaging with the consultant in that.
Niraj Kamtekar:	Okay. And when will we recognize the RDN revenue?
Sanjai Kumar:	From next financial year. Once we analyze the partner, this quarter, present quarter, then next one usually we might get.
Moderator:	Thank you. The next question is from the line of Subrata Sarkar from Mount Intra Finance. Please go ahead.
Subrata Sarkar:	So, I have one small question regarding like, I want some color on your future project, basically. So, if you help us on a qualitative aspect to understand like which of the area projects, particularly non-rail projects that we are targeting and like what is our advantage, viz-a-viz other players in that particular area? And like for this year, we know we have already, like now, currently we have INR 4,500 crore of revenue there. So, can you tell me like which area we are targeting these new projects from here onwards? And any expected clients who can be big clients from our respect? And are we only targeting government PSU or we are targeting private player also in non-rail business?
Sanjai Kumar:	Yes, so first the factors you're talking about, we already are present in coal, defense, railway off course, is there, so I'm not talking about railway. And then, banking also. Now we are entering into smart city projects also, and we expect a good number to come in terms of order value. This financial year, maybe revenue may not come. So, smart city projects we are targeting in addition to coal, defense, banking, education, health, we are already present in. Education, and health, don't give big numbers, but they have very good potential because these are, these being, state subjects. So, we need to go every state. And we are taking, now projects for state wide networks also, SWAN, because most of the SWAN projects have completed their life and they are on the renewal. These would be the potential area we are targeting. In addition to, of course, railways and PSUs.
	When you talk of private segment, so we are not very much into private B2B business per se, but there are big four companies who are always our customers and they have been giving a good amount of numbers in terms of revenue. But otherwise, other than, B2C, RailWire is also there, but B2B not many.
Subrata Sarkar:	Okay. No, I'm talking only about the project part of the business, like in Railways and other services, I know.
Sanjai Kumar:	Project business, no.
Subrata Sarkar:	Okay. And in case of like Project business for PSU, like generally whom do we compete? We compete other PSU or there are private players also with whom we compete, particularly in Project segment, project part of the business?

Sanjai Kumar:	We are competing with the private sector also. Somewhere, Airtel kind of companies are there, somewhere other system indicators are also there, even L&T kind of companies are there in competition with us. On top of PGCIL, ITI, if you talk of PSUs, so, PGCIL is there, ITI is there.. These are the companies in PSU.
Subrata Sarkar:	Okay. And sir, just a small clarification, particularly while bidding for PSU, while competing in PSU businesses, being PSU, do we have some advantage or some kind of like, there is some minimum guarantee or something, viz-a-viz, private player, particularly?
Sanjai Kumar:	See, there is -- we are Indian, so there is a psyche that in government PSU they rely more, our government customers as well as, PSU also. So that is from the purchaser point of view. And from supplier or service provider point of view, we also sure that our money is safe. Maybe it is delayed in some, yes. So, that is one.
	And if we talk of railways, we have you know, we have, already an advantage that we only provide all the telecom services to railways. So that kind of -- we though having around 62,000 kilometers of optical fiber network, but it is completely being managed as a private network. So many times, other CPSEs, approach us so because of this reason we are having our own private cloud also, we connect to these PSUs like coal mine. If you take off coal industry, we have kind of created completely private network for them because it is being managed on along the railway track and then we are developing some last mile network for them. These are few reasons.
Subrata Sarkar:	Perfect. Sir, just last question on the Railway side. We are sticking to the guidance or like expected customer by this year end, which we have projected like 7 million to 8 million?
Sanjai Kumar:	We are targeting to meet a number of 6 lakh subscribers by the year end.
Subrata Sarkar:	Okay. We are targeting to meet 6 lakh. And we are confident of achieving that?
Sanjai Kumar:	Yes, there is the competition among -- amidst competition we -- though there will be challenges, but I'm sure that we will be achieving this number.
Moderator:	The next question is from the line of Dhwanil Shah from Investec. Please go ahead.
Dhwanil Shah:	Just wanted a breakup of Telecom services from NLD, ISP and IP, if you can provide?
Sanjai Kumar:	So, ISP, if you talk about, H1 this year we are around INR 189 crore with the growth of 13% year on year. IP-1 INR 109 crore with growth of 6% and NLD revenue being INR 268 crore, with the year-on-year growth of 20%.
Dhwanil Shah:	I just wanted to understand, going forward in the Projects business, just wanted to understand the margin mix. Like y'all had a lower defense margin project around 4% in the previous two quarter. Going forward with the INR 2,500 crore what kind of mix are you accepting?
Sanjai Kumar:	So, let me first clarify that all defense projects are not 4%. There is one project which we had to go a little lower due to the competition we anticipated. So, not all defense projects are 4%, first. Generally, on an average our margin is in the range of 8% to 10%, but the margins are in the range of 15% also in few projects. So, there's a mix through which we are able to reach the number of 8% to 10%. Like railway projects, we have 10% margin, generally.
Moderator:	The next question is from the line of Venkatesh Subramanian from Logic Tree Investment Advisors Private Limited. Please go ahead.
V. Subramanian:	So, a follow-on question, sir. Earlier in the call, you had mentioned about taking up consultancy projects, and as I understand, sir, if I look at the company profile, you are broadly classifying it into two revenue categories, telecom and projects. So, consultancy seems to be, from your language, I could understand that seems to be a big potential area. And can you kind of give us an idea of what kind of opportunity size? So, what I'm actually trying to do is,

visualize my mind, say three years down the line, where would RailTel's revenues come from? Will it be projects, would be something significant? Will it be consultancy? Then you have video on demand, then you have RDN, then probably KAVACH. So broadly, if you can just focus on consultancy as an angle, because I think that's a very interesting segment to be in with high margins.

And second question, when you talked about KAVACH, you said you will work with other service providers and address -- have a partnership model, and apart from that, you will also have revenues flowing in from addressing the communication needs. Can you -- what kind of revenue potential does that translate into, sir, say when, once it's fully implemented?

Sanjai Kumar:

So, first let me talk about the revenue stream factor, sectorial revenue, the reason would be. Like, one is telecom, of course, will continue to be there. Project business would be there. Consultancy, yes, as you had rightly mentioned, that it is large, huge scope. So many times, like we have now developed our expertise in setting up data centers. So many times, customer says no, we want to set up their own -- they want to set up their own data center. So, we can provide that kind of consultancy, prepare a data, prepare a DPR for them, do tendering, and then maybe carrying out that activity through some other party.

And then another revenue stream would be monetize and potential. We would be monetizing assets or opportunities which are available with the RailTel maybe through its own right of way, along the railway track, like in case of Tower, RDN, even Wi-Fi, which we have done already at 6,000 plus stations. So those kind of monetize and potential also, we are exploring. And I'm sure that we -- there'll be a good number coming from monetization revenues, which of course includes RDN and Cod kind of projects.

Now, if we talk of KAVACH so, KAVACH is a product. It's not a product, a project. It is basically train to station and train to radio communication kind of project. And signaling would be based in the cabin, train engines cabin, not along the railway track. In this case, KAVACH is only a device, but you need a complete ecosystem to make it operational. You need data center requirements, you need communication, you need radio access networks, you need 5G or 4G, whichever will take this -- because this needs to work on Pan Indian basis, Pan Indian railway basis. So that kind of ecosystem -- KAVACH is the name, because it's make India product. So, it is more popular among the media, even in the railway. But RailTel being the only communication service provider along the track, that kind -- that revenue, of course, will come to us. There's nobody else present in that segment.

Then setting up of towers along the railway tracks. We have already initiated, so that thing will again accrue to us, will revenue to us. In addition to that, with those towers, we will earn revenue from other telcos also, that would be basically, monetizing the opportunity from those towers. So that is the kind of opportunity we are expecting. And as they told you over next 5 to 10 years, maybe 5 years if we talk off, it should bring around, roughly around INR 5,000 core of revenue from the signaling projects, signaling modernization, projects, including KAVACH off course.

V. Subramanian:

Okay. And one quick question, on FY23, any kind of guidance on revenues, top line, broad numbers, won't hold you to it?

Sanjai Kumar:

We can expect 20% growth, which I have already shared with you. So, we are going by the guidance of 20% and I'm sure we will be at least achieving this growth.

Moderator:

The next question is from the line of Vishal Periwal from IDBI Capital. Please go ahead.

Vishal Periwal:

A couple of clarification. In RailWire, what is our subscriber base currently? I just missed on that.

Sanjai Kumar:

So, we are close to 5 lakh. We are not yet, but we will be achieving maybe this week.

Vishal Periwal:	And can you also give a breakup of project revenue that this quarter revenue in Railway and Non-railway segments?
Sanjai Kumar:	Project revenue?
Vishal Periwal:	Yes, sir.
Sanjai Kumar:	So, project revenue, this first half yearly results, railway revenue was not much. It was INR 43 crore out of INR 237 crore, and non-railway is INR 194 crore.
Vishal Periwal:	This is first half?
Sanjai Kumar:	This is yes, first half.
Vishal Periwal:	Okay. And just a clarification. You mentioned that consultancy could bump up the margins, I mean, like you are taking up the project. So, these are the orders, I mean, like you will be working more as a subcontractor to someone who has already got the order, is the right understanding?
Sanjai Kumar:	No. Consultancy, we would be fixing the executing agency, helping, basically executing these projects for the customer. Like, somebody doesn't know -- they don't have any know how in IT. So, we provide them that know how, help them making their tender, choosing their executing agency. So sometimes they say, no, we cannot see. There is a nomination kind of thing we used to hear earlier, RailTel was also getting a sizable number of business from PSUs and government or nomination basis. But nowadays it is not the case. So, then they say, okay, we will give you the consultancy, you make this project and decide the agency, and then discover the price and then that agency will execute. So those kind of projects fall under the consultancy business. But then is no expenditure from RailTel side. So, it'll of course, give us much better margin.
Vishal Periwal:	Okay. But this will be typical project work that we do. We'll get an order, we'll execute it?
Sanjai Kumar:	Yes. So, there we bid as if one of these system integrators, we are also one of them, and then we take the order and then we execute it maybe through our partner, but then that revenue accrues to RailTel directly.
Vishal Periwal:	Okay. No, but then, in this consultancy, but how big is this opportunity will be? I mean, any number that you'd like to share?
Sanjai Kumar:	We are exploring this opportunity and we have got a couple of breakthroughs in this.
Vishal Periwal:	Right. And then lasting from my side, on KAVACH. You did briefly mention. I mean, like, you know though, there are a couple of OEMs who will be executing -- I mean, couple of people OEM had been appointed. And but yes, on a months it is up and running for day to day working since optic fiber lines are next -- we are closer to it, we are owning it. So, we'll get an opportunity. And the INR 5,000 crore revenue for the next 10 years, it is for the full line, the full KAVACH is integrated on Pan India basis?
Sanjai Kumar:	It is not only KAVACH. There will be other signaling modernization projects also, because see KAVACH first will be coming on high density route, but there are modernization of signaling projects coming on other route also, like automatic signaling, electronic interlocking. There are many routes where these stations are still equipped with mechanical signaling or lower standard signaling. So those projects are also there. For LTE or 5G kind of communication network required for all these signaling projects to work.
Vishal Periwal:	Okay. And this work, which you're mentioning, is it parallel to the KAVACH?
Sanjai Kumar:	They are, in addition to KAVACH, not parallel. All put together are complimentary to the modern signaling system. Part of the elements of the modern signaling system.

Moderator: The next question is from the line of Viraj Mithani from Jupiter Finance. Please go ahead.

Viraj Mithani: I would like to -- can you give me some color, when you talked about smart city project, health project, like what kind of work we'll be doing there? If you can give some color on that, maybe in margins from that business.

Sanjai Kumar: Smart city projects would be, basically projects, for the smart management of the city basically kind of maybe CCTV and other applications, including surveillance, of course. So those are the projects. They have been there; I think maybe aware of smart city projects. Few of the projects are already operational, like Pune it is still already under as traffic management. And then, traffic diversion and all those kind of things. Maybe their disaster management part of the smart city management. And the margins we take care of margins within the same range, we take basically 8% to 10% only.

Viraj Mithani: And on the health, like I understand we had done some small project on, railway hospital projects. So, are you talking about monetizing those kind of -- such we have in our organization of doing some railway hospital management project, when you refer to the health?

Sanjai Kumar: Railway hospital management project is already executed. Now we are eyeing similar projects to basically execute, take to state governments also. So like Karnataka, we have already done one POC. Many of the AMS we have approached. We are in touch with AVDM also, this central government health department as well.

Viraj Mithani: That will be, I understand, be high margin business, right?

Sanjai Kumar: I won't say high margin, but yes, because see, we are not developing the application, ourselves for this. We have to depend on somebody else for the application part. So, the margins of course will be shared with them. So, it's not high margin. But again, execution, we target that, we remain in the same range 8% to 10%.

Viraj Mithani: So, would they be using our cloud or something where we'll be getting some revenue? Like if you can give some color what point of?

Sanjai Kumar: Yes, even data center also, not only connectivity, data center put together with connectivity, so that becomes cloud.

Viraj Mithani: Okay. And when the Cod revenues are expected to come, probably next quarter, the second half, or first half the quarter, or maybe after that?

Sanjai Kumar: Cod, I will not be commenting right now because we are reassessing the monetizing potential, monetization potential.

Viraj Mithani: But RDN will come from the next first quarter and we should assume that, is it correct?

Sanjai Kumar: Yes, we're participating from next financial year onwards, because we are likely to close this quarter. Q3.

Moderator: Ladies and gentlemen we will be taking the last question that is from the line of you Yash Sarav, an individual investor. Please go ahead.

Yash Saraf: So, under project work services, what kind of services is RailTel providing and to whom?

Sanjai Kumar: You're talking of surveillance?

Yash Saraf: Project work services, under the revenue scheme, there are two verticals. Telecom services and project work services. So, under project work services. So, I wanted to know what kind of services is RailTel providing and to whom?

Sanjai Kumar: Okay. So, see there are in project segment, project sector, we are providing services to many government organizations, PSUs including railways, coal, defense, banking then, so the kind of services we are providing, we are executing their IT application projects or even brick and mortar projects.

Like for railways, we are doing signaling execution project. For coal, we are providing VPN project. We are executing VPN projects. We are setting up their data centers for air force also, we are setting up data centers. So, these are the kind of projects we are doing with these customers. And sometimes we are doing AMC also for their existing establishment, like, NOP, or maybe their network.

Moderator: Ladies and gentlemen, that was the last question on behalf of RailTel Corporation. That concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.